

COMMENTARY

Nature of business

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

- ◆ 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.

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

GFFR1 currently has R268 million capital under management ("CUM") that was deployed in its fibre optic investment projects which currently consist of 29 000 home passes. Pursuant to the listing of the A preference shares in December 2021, the Company listed the B preference shares in June 2022, both of which were listings on the Cape Town Stock Exchange ("CTSE").

Financial highlights

GFFR1 is pleased to announce that its latest set of half-year results for the period ended 31 January 2023 have been satisfactory and in line with expectations.

Revenue for the six months totalled R3.76 million (R3.60 million from GF Property SPV 1 and R0.16 million from GF Property SPV 2), which was in line with expectations

STATEMENT OF FINANCIAL POSITION

Figures in R	Unaudited at 31 January 2023	Audited at 31 July 2022
Assets		
Non-current assets		
Intangible assets	41 975	41 975
Investments in subsidiaries	317 650 195	186 838 060
Total non-current assets	317 692 170	186 880 035
Current assets		
Cash and cash equivalents	713 739	1 234 813
Loan to group company	5 693	–
Total current assets	719 432	1 234 813
Total assets	318 411 602	188 114 848
Equity and liabilities		
Equity		
Issued capital	1 000	1 000
Retained income/(accumulated loss)	18 667 441	16 030 451
Total equity	18 668 441	16 031 451
Liabilities		
Non-current liabilities		
Other financial liabilities	299 688 407	171 980 912
Current liabilities		
Trade and other payables	54 754	102 485
Total liabilities	299 743 161	172 083 397
Total equity and liabilities	318 411 602	188 114 848

following satisfactory operational and financial performance from both GF Property SPV 1 and GF Property SPV 2 during the period under review. This enabled the Company to declare an interim dividend to its A preference shareholders totalling R3.24 million (or R324.10 per A preference share) and R0.01 million to its B preference shareholders (or R1.60 per B preference share). This represents a dividend yield of 2.22% and 0.08% respectively for the six-month period.

GFFR1 is actively seeking to expand its assets under management and deployed a further R37 million on its fibre optic investment project in December 2022.

Earnings for the class A preference shares totalled R3.60 million for the six months under review.

Earnings for the class B preference shares totalled R0.16 million for the six months under review.

An ordinary share dividend of R0.37 million (or 22 cents per ordinary share) was declared and paid during the period under review.

Future strategy

GFFR1 aims to expand its portfolio into new fibre network infrastructure investments in South Africa, through the planned listing of its C preference shares by May 2023, which is targeted to deploy R450 million worth of investment capital by late-2023. This follows from the successful capital raises in 2021 and 2022. The pipeline of fibre optic investment opportunities would be bolstered through the finalisation of further rounds of GFFR1s.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in R	Unaudited) six-month period ended 31 January 2023	Audited 10 months ended 31 July 2022
Revenue	3 758 894	1 240 477
Administrative expenses	(40 677)	(54 975)
Other expenses	(576 735)	(219 517)
Other gains and (losses)	3 182 451	16 197 929
Profit/(loss) from operating activities	6 323 933	17 163 914
Finance income	66 009	16 537
Finance costs	(3 385 610)	(1 035 000)
Profit/(loss) before tax	3 004 332	16 145 451
Income tax expense*	–	–
Profit/(loss) for the period	3 004 332	16 145 451

* Gaia Fibonacci Fibre REIT was listed as a Real Estate Investment Trust ("REIT"). As a result, section 25BB of the Income Tax Act applies to qualifying REIT income and expenses. The legislation provides that capital gains on sale of immovable properties are not taxable and previous building allowances claimed will be recouped at the company tax rate. In the budget speech held on 24 February 2022, the Minister of Finance announced the reduction of the company income tax rate from 28% to 27% from 1 April 2023. 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 28%. Should the entities' assets be sold or the entity wound up, there could be a tax liability to the value of the recoupsments previously claimed.

KEY FINANCIAL HIGHLIGHTS

Revenue
R3.76 million

A Pref net asset
value per share
R13 187.71
R12 594.21*

B Pref net asset
value per share
R18 048.48
R16 828.55*

Portfolio value:
GF Property SPV 1
R144 295 645

Portfolio value:
GF Property SPV 2
R173 354 550

* As at 31 July 2022.

STATEMENT OF CHANGES IN EQUITY

Figures in R	Issued capital	Retained income/ (accumulated loss)	Total
Balance at 7 October 2021			
Changes in equity			
Profit for the 10-month period	–	16 145 451	16 145 451
Total comprehensive income for the period	–	16 145 451	16 145 451
Dividend recognised as distributions to shareholder		(115 000)	(115 000)
Shares issued	1 000	–	1 000
Balance at 31 July 2022	1 000	16 030 451	16 031 451
Balance at 1 August 2022			
Changes in equity			
Profit for the period	–	3 004 332	19 468 800
Total comprehensive income for the period	–	3 004 332	19 468 800
Dividend recognised as distributions to shareholder	–	(367 342)	(367 342)
Balance at 31 January 2023	1 000	18 667 441	35 132 909

STATEMENT OF CASH FLOW

Figures in R	Six-month period ended 31 January 2023	10-month period ended 31 July 2022
Net cash flows (used in)/from operations	(665 143)	(172 007)
Dividend paid	(367 342)	(115 000)
Dividends received	3 758 894	1 240 477
Interest paid	(3 385 610)	(1 035 000)
Interest received	66 009	16 537
Income taxes paid	–	–
Net cash flows from/(used in) operating activities	(593 192)	(64 993)
Cash flows used in investing activities		
Purchase of investments in subsidiaries	(111 165 216)	(158 043 185)
Purchase of intangible assets	–	(41 975)
Cash flows used in investing activities	(111 165 216)	(158 085 160)
Cash flows (used in)/from financing activities		
Proceeds from issuing shares	–	1 000
Proceeds from other financial liabilities	111 243 027	159 383 966
Loan advanced to group company	(5 693)	–
Cash flows (used in)/from financing activities	111 237 334	159 384 966
Net (decrease)/increase in cash and cash equivalents	(521 074)	1 234 813
Cash and cash equivalents at the beginning of the period	1 234 813	–
Cash and cash equivalents at the end of the period	713 739	1 234 813

NOTES TO THE SUMMARISED INTERIM FINANCIAL RESULTS

Basis of preparation and accounting policies

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

The summarised interim financial results for the six months ended 31 January 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and presented according to the disclosure requirements of accounting standard IAS 34: *Interim Financial Reporting*.

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

The financial information is presented in South African Rand, which is the reporting currency. The summarised interim financial results have been prepared under the supervision of the reporting accountant, Ms Eldine Malan CA(SA) and have not been reviewed by the Company's external auditors. The summarised interim financial results for the six months ended 31 January 2023 were approved for issue by the Board on 21 April 2023.

New and amended standards adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2023 reporting period and have not been early adopted by the group. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Events after balance sheet

There were no significant events that occurred after the reporting date that require adjustment to or disclosure in the interim financial results for the six months ended 31 January 2023.

CORPORATE INFORMATION

Directors

Executive

MM Nieuwoudt, D Kennon, MCS Nell

Independent non-executive

CP van Heerden, T Masiela, YL Labuschagne

Registered office

12 Meson Close, Techno Park, Stellenbosch, South Africa

Company Secretary

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

CTSE Issuer Agent

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