GAIA Fibonacci
Fibre REIT 1

INTEGRATED ANNUAL REPORT

2022

CONTENTS

SCOPE OF REPORT

Gaia Fibonacci Fibre REIT 1 Limited ("GFFR1" or "the REIT") is pleased to present its 2022 Integrated Annual Report for the year ended 31 July 2022 to all its stakeholders. This Integrated Annual Report aims to present a balanced review of the business to date and describes how the REIT aims to create sustainable value for its stakeholders.

CONDENSED FINANCIALS

The Group's financial results have been condensed in this report to provide a concise overview of our financial performance. Our audited financial statements, prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008, are available on our website (www.gaia.group).

STATEMENT OF RESPONSIBILITY AND ASSURANCE

The Board acknowledges its responsibility to ensure the integrity of this Integrated Annual Report. The Directors, assisted by the Audit and Risk Committee, confirm that they have collectively assessed the content of the Integrated Annual Report and believe that it addresses material issues and is a fair representation of the performance of the REIT. The Board has therefore approved the Integrated Annual Report 2022.

The electronic version of this report can be accessed at www.gaia.group.

MM Nieuwoudt
Chairperson

For additional contact details, please see the inside back cover. Gaia welcomes feedback and any suggestions for the REIT's future reports.

A WORD FROM THE FUND MANAGER

ASSET AND INVESTMENT PERFORMANCE

Since the initial listing of South Africa's first fibre optic network infrastructure REIT on the Cape Town Stock Exchange ("CTSE") on 10 December 2021, we have only seen demand for investment opportunities growing. This excites us as it gives us an opportunity to contribute to socio-economic development whilst providing our investors with access to infrastructure as an asset class with inflation linked returns.

As at 31 July 2022, GFFR1 fully deployed all the funds raised through the A Preference Share with full confidence that the total funding raised through the B Preference Share will be fully deployed before the 2022 calendar year-end. GFFR1, through its subsidiaries ("Property SPVs") held an economic interest in 77 sites comprising 15 071 home passes geographically dispersed across South Africa with a concentration in the economic hubs of Gauteng and Western Cape.

Our Property SPVs have gone through their consolidation period with active uptake keeping in step with forecasts to date. This provided A Preference Share holders with their first dividend in May 2022 supporting the minimum expected return of CPI + 7% with the target return of CPI + 10% still in sight.

Whilst we are excited by the turnover generated to date, we do expect some slowdown on uptake numbers as a result of recent economic pressures on the end consumers. Although we have seen an expected positive response to our allocation of marketing and sales spend, we could witness some instances where in the short-term, the consumer looks for some reprieve in expenses leading them to prioritise subsistence spending. We will continue to work with our Internet Service Providers to find solutions to support consumers to stay connected.

We are excited about investors and fibre network owners alike, wishing to gain access to realise value in the sector via the REIT's tax efficient structure with the investment opportunity pipeline requiring funding in excess of R1 billion in 2023 which requires funding with the REIT providing the tax efficient vehicle to channel these funds in the 2023 calendar year.

INDUSTRY VIEW AND OUTLOOK

South Africa's larger market continues to be underserved when it comes to fixed line, and more specifically, fibre-to-the-home ("FTTH") connectivity.

Current forecasts project that the average consumer will use 11GB of data per month by 2027, equating to a compound annual growth rate of 32% since 2017. Given that only 3.6 million homes in South Africa has been passed we see a significant opportunity to reach an underserved market to support South African economic growth and increased inclusivity.

Fundraising in the fibre market in 2022 has raised the much needed capital injection to support the greater connectivity inclusion in the mid- to lower LSM markets.

The government's power utility Eskom's scheduled blackouts ("load-shedding") has placed a lot of pressure on the ICT industry with novel solutions required to keep internet connectivity going. Mobile network operators have faced numerous challenges from finding enough batteries to support power to the mobile towers to warding off theft of these batteries to ensure uninterrupted internet connectivity. We do not see load-shedding abating in the short- to medium term, which will definitely have an effect on how the consumer chooses to stay connected.

The unrest in Ukraine has had a lasting impact on inflation which has been well managed in South Africa, but will continue to hurt consumers in the short- to medium-term as global economic growth comes under pressure as a result of global interest rate policies. As a consequence it is expected that consumer spending will remain under continued and increasing pressure in 2023.

As internet connectivity becomes a staple need and the sector achieves new economies of scale, Internet Service Providers will continue to compete for the right to serve customers, which will see lower prices support consumers through these tough times. Within the REIT's target suburban areas, fibre continues to be the most appropriate form of connectivity, being more reliable and cost efficient than it's mobile and wireless competition.

We are excited to see the continued drive to connect South African households and look forward to supporting this growth through our tax efficient REIT.

Hendrik Snyman
Chief Investment Officer
Gaia Fund Managers Proprietary Limited

ABOUT GAIA FIBONACCI FIBRE REIT 1 LIMITED

The REIT was established by Gaia Fund Managers Proprietary Limited and Fibonacci Managers Proprietary Limited as a ring-fenced entity for the express purpose of providing institutional and retail investors with a first of its kind access to fibre infrastructure investments in South Africa.

Gaia Fund Managers Proprietary Limited is a registered financial services provider (licence number 46028) and is considered a leading specialist secondary market infrastructure transaction team in South Africa. It has concluded 12 renewable energy and one toll road transaction to a value in excess of R3.5 billion for South African institutional investors, as well as for Gaia Infrastructure Capital Limited, a JSE board listed investment holding company.

Fibonacci Managers Proprietary Limited co-founded Capitis Equities, a venture capital fund, which has grown to R500 million in just under four years. Fibonacci Managers Proprietary Limited boasts experience in the renewable energy project development, fibre network development and operations industries with a specialist focus on tax and value adding business administration functions.

Following the listing of the A preference shares December 2021 and the B preference shares June 2022, the REIT, acting through Property Investment SPVs, acquired 15 071 home passes across 77 sites geographically dispersed across South Africa.

RATIONALE FOR THE LISTING AND FUTURE PROSPECTS

The rationale for the listing is primarily the following:

Provide access to infrastructure as an asset class

Infrastructure as an asset class can provide investors with stable inflation-linked cash returns whilst preserving their capital. However, the current means of gaining access to infrastructure includes a daunting and protracted process requiring, amongst other things negotiating lengthy contracts. This process is far removed from investors' ordinary means of acquiring shares on a trading platform and therefore acts as a significant investment barrier to entry and exit. In addition to the process, the unlisted equity available in the fibre networks precludes certain CIS portfolios from acquiring interests in infrastructure. A listed security removes many of the entry and exit barriers for investors and allows infrastructure to take up its rightful place as an asset class in many investor portfolios.

This will create an awareness with prospective institutional investors and retail investors seeing the value of investing in Gaia Fund Managers' managed funds.

Transparent regulatory environment

In addition to the regulatory requirements applicable to Gaia Fund Managers Proprietary Limited as a regulated investment manager, the REIT as a listed entity complies with the Listing Requirements of the Cape Town Stock Exchange ("CTSE"), which provides investors with additional transparency and corporate governance comfort.

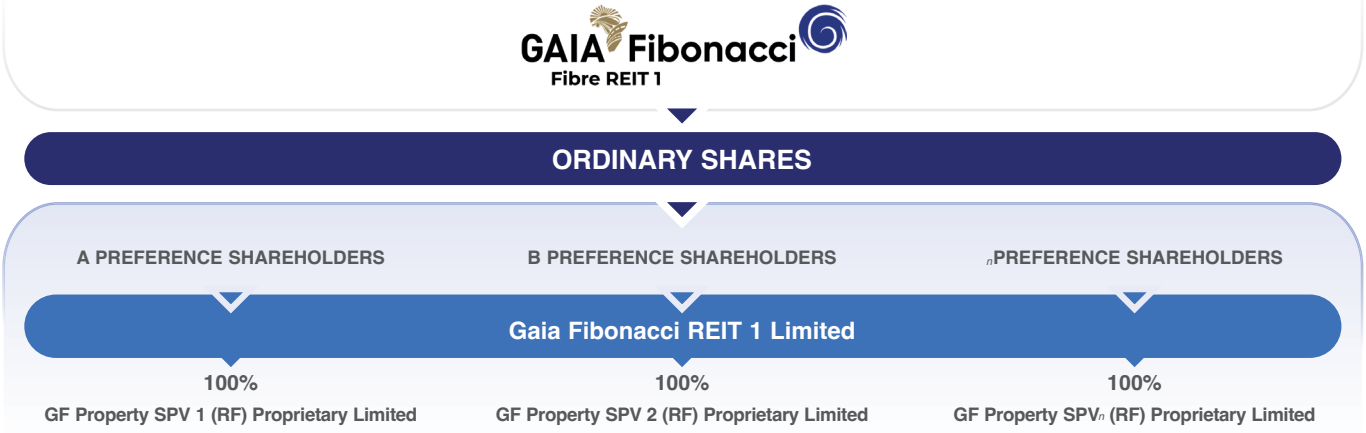
Access to capital

(a) As a listed entity, the REIT enables CIS portfolios to increase their allocation to infrastructure from an unlisted instrument threshold of 5% to 10%. The ability to do this opens a unique market opportunity for CIS compliant portfolios and pension funds to invest in CTSE-listed infrastructure projects via new issuances of preference shares in the REIT.

(b) Illustrated below is a schematic representation of the future high-level structure of the REIT pursuant to the issuance and listing of new classes of preference shares corresponding to new investments in fibre network infrastructure. Each class of preference share is and will be linked to a specific fibre network property company with a corresponding asset management agreement with Gaia Fund Managers Proprietary Limited.

INVESTING INTO SOUTH AFRICA, ITS PEOPLE AND ITS GROWTH

South Africa continues to see a large drive, from both private and public institutions, to increase the fibre network reach throughout South Africa. The REIT provides a tax efficient channel through which funding can be allocated to expedite the growth of the internet backbone in South Africa. Connectivity is critical to create a more inclusive society where more South Africans are introduced to the world economy providing access to the tools with which to contribute to their own livelihoods and those of the greater South African community. Fibre infrastructure removes the barriers to global connectivity further enhancing South Africa's image as an attractive investment destination.



INVESTMENT POLICY

GOVERNANCE STRUCTURE

The Board provides strategic direction and leadership and monitors implementation of strategic objectives. It acts as the focal point for, and custodian of, corporate governance by managing its relationship with management, shareholders and other stakeholders of the REIT.

BOARD OF DIRECTORS

Oversight of strategy and provision of leadership.

STAKEHOLDER REVIEW

Stakeholder engagement is integral to the REIT's business and long-term sustainability. The REIT is committed to creating and maintaining inclusive, honest and mutually beneficial relationships and partnerships with all its stakeholders. Effective and meaningful stakeholder engagement provides the REIT with information that leads to improved decision-making processes.

The REIT recognises the benefits of strong long-term relationships with its stakeholders and it is through engagement with stakeholders that the REIT can shape its long-term direction. The Board monitors relations with stakeholders, the Social and Ethics Committee of the Board oversees stakeholder relations and the Executive Directors are responsible for stakeholder engagement. The stakeholders of our investee companies and providers of capital are equally fundamental to the REIT success and the REIT is committed to ongoing engagement with all its stakeholders.

Stakeholder group	Our commitment	Stakeholder issues	How we engage
Investors – present and future	It is the REIT primary responsibility to shareholders to deliver acceptable returns on their investment through delivery on our strategic objectives. The REIT is committed to timely and transparent communication through regular investor interaction.	◆ Financial performance ◆ Dividend policy ◆ Management ability to deliver ◆ Share price performance ◆ Strategic intent ◆ Asset quality, yields and valuation	◆ Annual results announcements and presentations ◆ Website ◆ Roadshows ◆ Ad hoc meetings ◆ Investor conferences ◆ AGM
Investee companies – present and future	The REIT's performance is directly linked to the quality and performance of the underlying investee companies. The REIT prioritises cultivating mutually beneficial relationships with these companies.	◆ Purchase consideration ◆ Long-term support and technical input ◆ Value-adding relationships ◆ Asset optimisation initiatives	◆ Board representation ◆ One-on-one engagement ◆ Management meetings
Other indirect stakeholders – (operations and maintenance service providers, internet service providers, local communities, and other social economic development partners etc.)	The REIT's supports the management of our investee companies in their stakeholder engagement through active shareholder participation.	◆ Long-term support and technical input ◆ Value-adding relationships ◆ Asset optimisation initiatives	◆ Board and board committee representation ◆ One-on-one engagement ◆ Management meetings

FINANCE REPORT

DISCLOSURE

Profit for the year

The company generated a profit after tax for the 10 month period ended 31 July 2022 of R16 145 451.

Value of Portfolio

Name of company	Holding	Fair value of investment
GF Property SPV 1 (RF) (Pty) Ltd	100%	136 184 390
GF Property SPV 2 (RF) (Pty) Ltd	100%	50 653 670

Dividends declared in respect of the 2022 Financial Year:

Dividends per Ordinary Share	R0,00432
Dividends per Class A Preference Share	R375,34
Dividends per Class B Preference Share	R14,83

GOING CONCERN DISCLOSURE

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

STATEMENT OF FINANCIAL POSITION

	Notes	2022 R
Assets		
Non-current assets		
Intangible assets	3	**41 975**
Investments in subsidiaries	4	**186 838 060**
Total non-current assets		**186 880 035**
Current assets		
Cash and cash equivalents	5	**1 234 813**
Total assets		**188 114 848**
Equity and liabilities		
Equity		
Issued capital		**1 000**
Retained income	6	**16 030 451**
Total equity		**16 031 451**
Liabilities		
Non-current liabilities		
Other financial liabilities	7	**171 980 912**
Current liabilities		
Trade and other payables	8	**102 485**
Total liabilities		**172 083 397**
Total equity and liabilities		**188 114 848**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	10 month period ended 31 July 2022 R
Revenue	9	**1 240 477**
Administrative expenses	10	**(54 975)**
Other expenses	11	**(219 517)**
Other gains	12	**16 197 929**
Profit from operating activities		**17 163 914**
Investment income	13	**16 537**
Finance costs	14	**(1 035 000)**
Profit before tax		**16 145 451**
Income tax expense	15	**–**
Profit for the 10 month period		**16 145 451**

BOARD OF DIRECTORS

The Board provides strategic direction and leadership and monitors implementation of strategic objectives. It acts as the focal point for, and custodian of, corporate governance by managing its relationship with management, shareholders and other stakeholders of the REIT.

EXECUTIVE DIRECTORS

MM Nieuwoudt

D Kennon

MCS Nell

MM Nieuwoudt ("Mich")

Director for Gaia Fibonacci Fibre REIT 1 Limited

Pr Eng, BEng (Electronic), MBA

Date of appointment: 7 October 2021

Mich started his career in the petrochemical industry with Polifin and the defence industry with Thales, before joining PSG Investment Bank in 1999. In 2003, he joined Siemens Business Services, where he gained international experience across Europe, particularly in the renewable energy sector. Thereafter Mich moved to the Square One Group where he was responsible for group operations. In 2008, he joined the SAGIT group where he worked on the Eden 1 Island Project in the Seychelles and mining operations in West Africa before focusing on SAGIT's renewable energy developments. Mich has taken on many roles in the Gaia Group since 2012 and currently serves as the Executive Chairman of Gaia Fund Managers.

D Kennon ("Denzil")

Director of Gaia Fibonacci Fibre REIT 1 Limited

PhD (Ind. Eng.), MSC Eng (Ind. Eng.), CFA Level I, BEng (Ind. Mech.)

Date of appointment: 7 October 2021

Denzil is a qualified Industrial Engineer with more than a decade spent in the asset management, venture capital, private equity and private debt industries. Denzil started his career as a business analyst at Allan Gray after which he redirected his focus to private equity in 2012. Here he focused on the mining, telecommunication and agriculture sectors. In 2013, Denzil embarked on his PhD studies with a focus on how organisations can utilise a systems engineering approach to be more antifragile in an increasingly volatile world. Denzil continues to act as a Senior Lecturer – Extraordinary at Stellenbosch University where he lectures in enterprise engineering on an ad hoc basis. Denzil recently joined the Gaia Group as Chief Operating Officer/Deal Principal of Gaia Fund Managers where he looks to utilise his engineering and private debt skillset to execute transactions and ensure the Gaia Group and its investments adhere to best in class operating practices.

EXECUTIVE DIRECTORS (CONTINUED)

MCS Nell ("Emcee")

Director of Gaia Fibonacci Fibre REIT 1 Limited

CA(SA), MCom (Tax)

Date of appointment: 7 October 2021

Emcee qualified as a South African Chartered Accountant at the end of 2013. He completed his accounting articles at KPMG and was seconded for two months during 2014 to St. Louis in the United States of America for a renewable energy audit. After his return to South Africa he consulted to various companies as an Independent Investment Analyst. Emcee has always been an entrepreneur and started various companies during his studies at the University of Pretoria, he sold most of his shares in the companies he invested in during 2015. Emcee joined Fieldstone Private Capital Group in 2015 to gain more experience in the investment banking sector and during the beginning of 2017 he co-founded a venture capital company called Capitis Equities. He also completed his Master of Commerce in Taxation degree during 2017. During the Covid-19 lockdown in 2020 Emcee founded Fibonacci Managers which invests in Fibre Optic infrastructure and later the year he co-founded the Gaia Fibonacci Fibre Fund with Gaia Fund Managers.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yvette Labuschagne

Riaan van Heerden

Thabiso Masiela

YL Labuschagne ("Yvette")

Independent Director of Gaia Fibonacci Fibre REIT 1 Limited

BCom (Fin. Mgmt), BCom (Hons) (Inv. Mgmt), EMBA Candidate

Date of appointment: 25 November 2021

Yvette holds a BCom. (Hons) Investment Management degree from the University of Johannesburg and is currently an executive MBA candidate at MIP Politecnico di Milano Graduate School of Business. She has more than 15 years' experience in investment banking and has been a JSE Approved Executive since 2010, focusing primarily on structuring and the execution of transactions, as well as equity capital markets transactions for listed companies. She has been involved in numerous local and international transactions including capital raisings, listings, disposals, takeovers, mergers and acquisitions. Yvette joined Standard Bank's Investment Banking division in January 2022, and prior to that was a member of the investment banking teams at Renaissance Capital and UBS South Africa.

CP van Heerden ("Riaan")

Independent Director of Gaia Fibonacci Fibre REIT 1 Limited

BAcc (Hons), CA(SA), JSE Approved Executive)

Date of appointment: 25 November 2021

Riaan is a chartered accountant and JSE approved executive. Riaan completed his articles at PwC, servicing an array of clients locally and abroad. Riaan joined the corporate finance team at PSG Capital in 2007 and remained with PSG Capital for 15 years. Riaan was a member of the PSG Capital executive committee, a director and head of the valuations team until his departure in 2021. Riaan co-founded Valeo Capital in 2021 with David Tosi. Riaan has extensive corporate finance experience. During his 15 year tenure at PSG Capital, Riaan advised on numerous listings, M&A transactions, disposal, scheme of arrangements, section 112 transactions, BEE ownership transactions, valuations, fairness opinions, and other corporate transactions in both the listed and unlisted space.

T Masiela ("Thabiso")

Independent Director of Gaia Fibonacci Fibre REIT 1 Limited

CA(SA), BCom (Hons), Distribution Leadership & Strategy (INSEAD)

Date of appointment: 27 January 2022

Thabiso has over 10 years of management experience in providing strategic direction across different business disciplines in Financial Services. He has spent the last five years at Stanlib in various roles from Head of Strategy and Execution in the Retail Distribution team to his current position as Head of Client and Intermediary Services. Prior to that he spent five years at Old Mutual South Africa and a short stint in Nigeria focusing on Business Strategy and Shared Value Initiatives. Thabiso completed his articles at PWC and fulfilled the role of Corporate Finance Officer (Equity and Interest Rate Markets) at the JSE Stock Exchange.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

GFFR1 understands that adhering to the highest standards of corporate governance is fundamental to the sustainability of the REIT. The REIT's business practices are conducted in good faith, in the interests of the REIT and all its stakeholders, with due observance of the principles of good corporate governance.

The Board is the foundation of the REIT's corporate governance system and is accountable and responsible for the performance of the REIT. The Board retains effective control of the business through a clear governance structure and has established committees to assist it in accordance with the provisions of GFFR1's Board Charter. The Board recognises that delegating authority does not reduce the responsibility of Directors to discharge their statutory and common-law fiduciary duties. The governance structures are regularly reviewed to ensure that they support effective decision-making, establish a corporate culture and are aligned to evolving best practice procedures.

APPLICABLE GOVERNING FRAMEWORKS

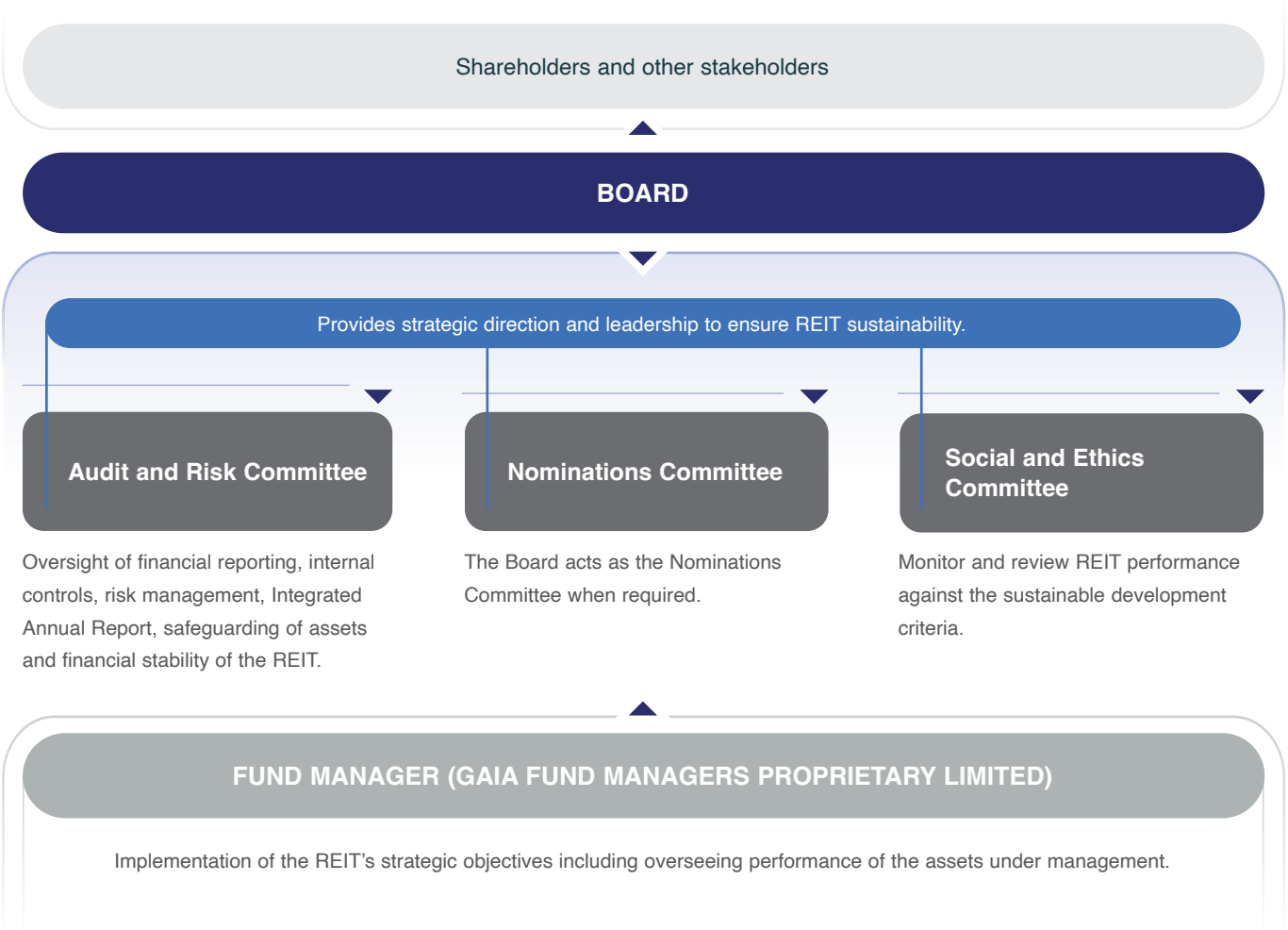
The REIT complies with the Companies Act 71 of 2008, CTSE Listing Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct.

KING IV AND GOVERNANCE

The REIT supports the governance outcomes, principles and practices in the King IV Code on Corporate Governance and applies all of the applicable principles of King IV. Developments and governance trends are viewed as opportunities to continuously improve and entrench corporate governance practices.

See page 13 of this report with the principles applied regarding King IV.

GOVERNANCE FRAMEWORK



THE BOARD OF DIRECTORS

The Board provides strategic direction and leadership aligned to the REIT's value system to ensure the sustainability of the business. The Board maintains effective control over strategic, financial and compliance matters of the REIT and ensures compliance with the Companies Act, King IV and the CTSE Listing Requirements.

BOARD RESPONSIBILITIES

The Board recognises that it serves as the focal point and custodian of corporate governance in the organisation as outlined in Principle 6 of King IV. The Directors recognise that good governance can create shareholder value by enhancing long-term equity performance.

The Board is accountable to the REIT's stakeholders for exercising leadership, integrity and judgement in directing the REIT to achieve its strategy and ensure conformance with best business and corporate governance practices. The Board also acknowledges its responsibilities in accordance with the recommendations of King IV.

The Board's primary functions include:

- providing ethical leadership and direction to the REIT;
- monitoring the management and the implementation of the corporate vision and ensuring compliance at all times with the letter and the spirit of the law;
- communicating with shareholders openly and timeously throughout the year;
- ensuring all shareholders are treated equitably and equally;
- ensuring an effective and independent Audit and Risk Committee;
- monitoring compliance with all relevant laws, rules, codes and standards of business practice;
- ensuring that internal and external controls are implemented and are effective;
- monitoring key risk areas; and
- monitoring performance through the various Board committees established to assist in the discharging of its duties while retaining full accountability and without abdicating its own responsibilities.

COMPOSITION OF THE BOARD

A key aspect of the REIT's governance philosophy is that no individual has unfettered powers of decision-making. During the year under review, the Board was comprised of three Independent Non-Executive Directors and three Executive Directors in compliance with the requirements of King IV.

Each of the Directors bring to the Board a wide range of qualifications, expertise, commercial experience and business acumen that allow them to exercise independent judgement in Board deliberations and decisions in directing the REIT's value-creation processes to ensure sustainability for all stakeholders. All Directors receive regular briefings on changes in risks, laws and the business environment. The Independent Non-Executive Directors have unrestricted access to management.

Members of the Board during the period under review were as follows:

Member	Position	Date appointed
MM Nieuwoudt	Executive Director	7 October 2021
D Kennon	Executive Director	7 October 2021
MCS Nell	Executive Director	7 October 2021
YL Labuschagne	Independent Non-Executive Director	25 November 2021
CP van Heerden	Independent Non-Executive Director	25 November 2021
T Masiela	Independent Non-Executive Director	27 January 2022

The *curriculum vitae* of the members of the Board can be found on pages 8 to 9 of this report.

The Board considers its composition on an annual basis. While retaining overall accountability and subject to matters reserved to itself, the Manager (Gaia Fund Managers Proprietary Limited) holds authority to run the day-to-day affairs of the REIT. The Manager is held accountable through regular reports to the Board and is measured against agreed performance criteria and objectives appropriate to the current stage in the business cycle.

CORPORATE GOVERNANCE REPORT (continued)

INDEPENDENCE

The Independent Non-Executive Directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities. All Directors have a duty to act with independence of mind in the best interests of the REIT. The Board believes that the Independent Non-Executive Directors are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions. In determining the independence of the Independent Non-Executive Directors, and with due regard to the criteria for determining independence as set out in King IV and the CTSE Listing Requirements, character and judgement are considered, together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement. Any term in office by an Independent Non-Executive Director exceeding a period of nine years will be subject to a rigorous review by the Board.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The summarised meeting attendances present the meetings for the calendar year 2021 and the period leading up to the date of this report:

	2022	2021
Board		
MM Nieuwoudt	✓	✓
D Kennon	✓	✓
MCS Nell	✓	✓
YL Labuschagne	✓	✓
CP van Heerden	✓	✓
T Masiela	✓	
Company Secretary	✓	✓
Audit and Risk Committee		
CP van Heerden	✓	✓
YL Labuschagne	✓	✓
T Masiela	✓	
Social and Ethics Committee		
YL Labuschagne	✓	✓
D Kennon	✓	✓
T Masiela	✓	

✓ *Present* × *Apology*

BOARD APPOINTMENTS

The Non-Executive Directors have fixed terms of appointment and they are subject to reappointment by the shareholders every year.

Any new appointment will be considered by the Board sitting as a Nominations Committee. The experience and skills required for the position will be agreed to by the Board and a shortlist of candidates will be prepared. The *curriculum vitae* of the candidates are circulated to all Board members. The Board will nominate two Board members to interview the candidates. The outcome of the interviews will be reported to the Board, with the Board thereafter selecting the successful candidate. All recommended Director appointments are subject to background and reference checks.

BOARD COMMITTEES

The Board has established the standing committees set out in the diagram on page 10 to promote independent judgement, to assist with the balance of power and to assist it with effectively fulfilling its responsibilities in accordance with the provisions of the Board Charter. Nonetheless, the Board acknowledges that the delegation of authority to its committees does not detract from the Board's responsibility to discharge its fiduciary duties to the REIT. Each Committee consists of at least three members, a majority thereof being Independent Non-Executive Directors. Each Committee operates under its own terms of reference which set out the Committee's roles and responsibilities, functions, scope of authority and composition. Committees report to the Board at each Board

meeting and make recommendations in accordance with their terms of reference. Attendance schedules for Committee meetings held in FY22 are included in the meeting attendance summary on page 12. The *curriculum vitae* on pages 8 to 9 set out the qualifications and experience of each of the Committee members.

Members of management are invited to attend Committee meetings either by standing invitation or on an ad hoc basis to provide pertinent information and insights in their areas of responsibility. Members of the Board are entitled to attend Committee meetings as observers. However, members attending as observers are not entitled to participate without the consent of the chair, do not have a vote; and are not entitled to fees for such attendance, unless payment of fees are agreed to by the Board and shareholders of the REIT.

POLITICAL PARTY SUPPORT

The REIT and the Manager endorse all principles and institutions that support a free and democratic society, but do not donate to any political party.

COMPANY SECRETARY

All Directors have access to the services and advice of the Company Secretary, The Office in Stellenbosch Proprietary Limited.

The Company Secretary is not a Director of the REIT and maintains an arm's length relationship with the Board.

The Company Secretary supports the Board as a whole, and Directors individually, by providing guidance on how to fulfil their responsibilities as Directors in the best interests of the REIT. The Company Secretary is responsible for ensuring proper administration of the Board as well as adherence to sound corporate governance procedures. The Company Secretary is furthermore responsible for the functions as specified in the Companies Act. All Directors have full and timely access to information that may be relevant for the proper discharge of their duties.

The Board appointed the Company Secretary in accordance with the requirements of the Companies Act. The Board considered details regarding the Company Secretary's competence, qualifications and experience as required in terms of the Companies Act and remains satisfied with the competency and experience of the Company Secretary.

KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (KING IV)

During the period under review the Board continued with the implementation of King IV. Some observations regarding the nature of King IV can be highlighted:

(a) King IV does not constitute a quantitative exercise – it is a qualitative exercise. But it is apparent that there is already a significant application of the various recommended practices at the REIT, particularly the concepts that form the foundation stones of King IV, namely, ethical leadership, the organisation in society, corporate citizenship, sustainable development, stakeholder inclusivity, integrated reporting and integrated thinking.

(b) Full compliance at all times with all legislation is non-negotiable and as such ensuring that all legislative requirements addressed in legislation such as the Companies Act and the CTSE Listing Requirements, is a primary area focus. In addition, there is always a focus on ensuring that the relevant provisions of the Memorandum of Incorporation of the REIT are fully complied with.

The REIT's application of the King IV principles is included below. The Board is satisfied to conclude that the REIT is currently achieving the governance outcomes of King IV in all material aspects. Performance against certain of the King IV principles are included as follows:

Principle 1: The governing body should lead ethically and effectively

The REIT is managed and directed on ethical principles based on good faith. Real or perceived conflicts of interest are disclosed by Board members. Such conflicts are managed to the extent that this may be necessary.

The Board is committed to ensuring that the REIT's strategy and operations are executed by management based on an ethical foundation that supports ethical and sustainable business in the best interests of the REIT and all stakeholders.

The Board is kept appraised of new industry and other developments through the arrangement of regular workshops and information sessions.

Matters of strategic nature are addressed as a matter of priority at meetings of the Board.

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

The Board ensures ongoing oversight to ensure that their conduct and investment policies are ethical and that other stakeholders are familiar with the REIT's ethical standards.

The REIT is managed by the Manager and has no employees. Governance processes in place are appropriate to the size and scope of the REIT's operations and the Board is in the process of implementing a code of conduct to formalise same.

CORPORATE GOVERNANCE REPORT (continued)

Directors are required to disclose actual and potential conflicts of interest.

Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen

The Board and the Social and Ethics Committee oversee and monitor on an ongoing basis how the consequences of the REIT's activities, investments and outputs affect its status as a responsible corporate citizen to the benefit of all stakeholders.

The REIT continues to strive for social responsibility in terms of meeting legal, ethical and economic responsibilities. The aim of the Board is to continually oversee and regularly monitor outcomes of the REIT's activities and outputs.

Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the creation process

Management sets strategy with the Board approving strategy. Matters relating to the REIT strategy are debated at formal Board strategic sessions that are arranged at least once every second year.

The Board takes steps to ensure that long-term planning will result in sustainable outcomes taking into account the economic, environmental and social considerations. Matters affecting the sustainability of the REIT's various activities and new initiatives are considered on an ongoing basis.

Identified risks are deliberated at length at strategic sessions, and the various action steps identified to address these risks.

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects

The Board oversees that reports such as the annual financial statements are issued to comply with legal requirements, and/or to meet the legitimate and reasonable information needs of material stakeholders.

The Board oversees and approves that the REIT issues an annual report that includes detailed information of the matters that could significantly affect the REIT's ability to create value.

Moore Stellenbosch Inc. issued an unqualified audit report on the REIT's financial statements for the year ending 31 July 2022.

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The REIT appoints the appropriate mix of Executive and Independent Non-Executive and diversified Board and Committee members.

The REIT will be looking to periodic, staggered rotation of its members, where possible, so as to invigorate its capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge skills and experience and maintaining continuity. The Board considers holistically, and on a substance-over-form basis, when assessing the independence of a member of the Board for purposes of categorisation.

The current chair of the Board is an Executive Director, but the Board will look to an Independent Non-Executive to fulfil this role in the next financial year.

The Board receives regular briefings on changes in risks, laws and the business environment. Formal workshops are arranged to address pertinent issues. Formal declarations of interest are expected of each Director prior to the commencement of each Board and Board Committee meeting. Non-Executive Directors that are classified as independent by the Company are subject to evaluations of their independence.

Principle 8: The governing body should ensure that arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties

The Board has an appropriate mix of Executive and Independent Non-Executive Directors thereby ensuring that no individual has the ability to dominate decision-making.

Suitable candidates are nominated to the respective Board Committees to appropriately address the specific matters forming part of the mandates of the Committee.

The delegation of duties and responsibilities are addressed on an ongoing basis.

All members of the Board of the REIT as well as the Committees of the Board have access to resources and information and may request information directly from management. Directors may take independent advice, but this must be authorised by the Board.

Effective collaboration is enhanced through cross-membership, where required. To the extent possible, there is coordination of timing of meetings and an avoidance of duplication or fragmentation. Cross-membership occurs in, amongst others, the Risk and Audit Committee.

The fitness and proprietary (i.e. knowledge, skills, experience and capacity) of a Board Committee to execute its duties effectively, is considered by the Board on an ongoing basis in terms of the Board approved fit and proper policy.

Each of the Board Committees have at least three members.

The Board remains accountable for any decisions taken by the Board Committees and by any Board member with a delegated authority. It considers all documentation presented to it and applies its collective mind in the making of decisions.

A detailed review of the various Committees is included in the corporate governance report forming part of this integrated annual report.

Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities

Gaia Fund Managers Proprietary Limited as appointed manager of the REIT, is responsible for leading the implementation and execution of approved strategy, policy and operational planning. Gaia Fund Managers Proprietary Limited, through the representation of Executive Directors, is represented on the Social and Ethics Committee.

The Executive Directors oversee that key management functions are headed by individuals with the necessary competence and authority.

The Company Secretary has unfettered access to the Board, is not a Board member and maintains an arm's length relationship with the Board and its members. As the custodian of corporate governance-related matters, the Company Secretary plays a leading role in governance and King IV-related matters.

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

The Audit and Risk Committee oversees the development and annual review of a policy and plan for risk management that is approved by the Board. It also ensures the establishment of an independent risk management function. Opportunities and associated risks are considered in the setting of the strategic direction of the REIT.

The Audit and Risk Committee, overseen by the Board, reviews the risk management progress and maturity of the REIT, the effectiveness of risk management activities, the key risks facing the REIT, and the responses to address these key risks. Risks that are identified are interrogated through the risk management process to also identify potential opportunities.

Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

The Board ensures that IT strategy is integrated with the REIT's strategic and business processes. IT risks form an integral part of the REIT's risk management activities.

The performance of third-party service providers is monitored through good governance principles, regular interaction and duly concluded service level agreements that include the appropriate performance clauses.

Information is stored in a secure and responsible manner and is not disposed of in any manner that may affect the security of the relevant information. The use of technology and information is aligned with the current legislative framework.

Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

CORPORATE GOVERNANCE REPORT (continued)

Compliance with the applicable legislation is an integral part of the REIT's business operations. Non-compliance with any legislation is viewed in a serious light. The Board has mandated the Manager, through its compliance function to carry out its function.

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term

Remuneration of the Manager is contracted and agreed to by the shareholders. Remuneration was designed to be market-related with the Manager receiving a share of dividends paid (through the ordinary shares held), thereby ensuring alignment of interests for shareholders and the Manager. The Board ensures that the Manager's remuneration is in accordance with the contracted terms.

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports

Internal controls are established not only over financial matters but also operational, compliance and sustainability issues. The Board, assisted by the Audit and Risk Committee, ensures that there is independent internal or external assurance to review and report on the internal control environment, integrity of information for management decision-making and external reporting.

Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time

The Board receives regular feedback regarding the interaction of the REIT with its stakeholders.

The REIT has adopted communication guidelines that support a responsible communication programme. Stakeholder communication aligned with communications through the CTSE news services and the publication of its integrated annual report and annual financial statements.

Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests

The Board, through the Manager, assumes responsibility for governing responsible investing by setting the direction for how it should be approached and conducted by the organisation.

The Board has approved an investment policy that specifically addresses its position on responsible investment.

AUDIT AND RISK COMMITTEE REPORT

INTRODUCTION

The Audit and Risk Committee ("the Committee") is pleased to present its report for the financial year ended 31 July 2022 (FY22). The Committee is an independent statutory Committee appointed by shareholders. This report considers the statutory and delegated duties in terms of the Companies Act 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.

MEMBERSHIP OF THE COMMITTEE AND ATTENDANCE AT COMMITTEE MEETINGS

The Committee comprised the following members for the period under review:

Committee members

- CP van Heerden (Chairperson)
- T Masiela
- YL Labuschagne

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 2023 financial year at the Annual General Meeting scheduled for 15 December 2022. The Committee met twice during the period beginning at the company's inception until the date of this report.

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, 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 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 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 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;
- review the work of the group's external auditor and to ensure the adequacy and effectiveness of the group's financial, operating compliance and risk management controls;
- 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, 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.

ACTIVITIES OF THE COMMITTEE

The Committee fulfilled its responsibilities during the 2022 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:

Reporting

- considered and agreed with the adoption of the going-concern premise in the preparation of the annual financial statements;
- reviewed the appropriateness of the financial statements, other reports to shareholders and other financial announcements made public;
- considered whether the annual financial statements fairly present the financial position of the Company as at 31 July 2022 and the results of operations and cash flows for the financial year then ended;
- considered the solvency and liquidity of the Company;

AUDIT AND RISK COMMITTEE REPORT (continued)

- considered accounting treatments, the appropriateness of accounting policies adopted and the effectiveness of the Group'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 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 by Gaia Fund Managers Proprietary Limited, and challenged these where necessary. The Committee is satisfied that the valuation of investments performed fairly reflect the fair value of the investments of the Company.

External audit

The Audit and Risk Committee nominated Moore Stellenbosch Incorporated as the external auditor for the Company for the financial year ended 31 July 2022 and their appointment complies with the Companies Act 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, Moore Stellenbosch Incorporated confirmed in an annual written statement that their independence has not been impaired.

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 Gaia 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 Moore Stellenbosch Incorporated provides.

Following the 2022 audit, Moore Stellenbosch Incorporated 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 Review Services Proprietary Limited ("ORS") provided accounting services to the Company for the period under review. The Committee is satisfied with the independence of ORS and the quality of the accounting work provided by them during the period under review. The Committee has accordingly considered the reports from external audit on such matters and is satisfied that both reports confirm the adequacy and effectiveness of the Group's 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 the 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.

Comments on key audit matters, addressed by Moore Stellenbosch Incorporated in its external auditor's report

The external auditors have reported on two key audit matters in respect of their 2022 audit, being:

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

Both of these key audit matters related to material financial statement 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.

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 financial statements, the Audit and Risk Committee recommended Board approval thereof.

On behalf of the Audit and Risk Committee

Riaan van Heerden
Audit and Risk Committee Chairperson

27 October 2022

AUDIT AND RISK COMMITTEE REPORT (continued)

RISK MANAGEMENT PROCESS

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee comprised the following members for the period under review:

- YL Labuschagne (Chairperson)
- D Kennon
- T Masiela

Meeting attendances are available on page 12 of the report.

The REIT subscribes to the highest standards of corporate citizenship, social responsibility, sustainability and ethics. The implementation of King IV requires the Committee to consider the application of the principles relating to leadership, ethics and corporate citizenship. To this end, a key focus of the Committee for the next financial period will be to continue monitoring these aspects, by overseeing the REIT's commitment to social and economic development, environmental responsibility and good corporate citizenship for both the REIT and its investees.

The main objectives of the Committee are to assist the Board in monitoring the REIT's performance in respect of ethics, responsible corporate citizenship, sustainable development, compliance and stakeholder relationships. This is done *inter alia* by monitoring the sustainable development practices of the REIT's investee companies, thereby assisting the Board in achieving its values of doing business ethically and sustainably.

The Committee comprises a majority of Independent Non-Executive Directors, who are not involved in the day-to-day management of the REIT's business or have not been so involved at any time during the previous three financial years. The Board are permanent invitees to meetings of the Committee.

TERMS OF REFERENCE

The Committee's role and responsibilities is being formalised and will continue to work toward finalisation of the Board to align it with recommended practices of King IV. The Committee monitors and oversees those functions set out in the Companies Act, as well as assumes responsibility for those assigned to it by the Board. The Committee is of the view that, in all material respects, the Committee has achieved its objectives for the financial year ended 31 July 2022.

POLICY REVIEW

The Committee is responsible for ongoing developing and reviewing the REIT's policies regarding the commitment, governance and reporting of the REIT's sustainable development performance and for making recommendations to management and/or the Board in this regard.

MONITORING OF SUSTAINABLE DEVELOPMENT PRACTICES

In execution of its duties, the Committee will review the sustainable development practices, specifically relating to:

- Ethics and compliance;
- Corporate social investment (Socio-Economic Development and Enterprise Development Activities);
- Stakeholder relations; and
- Management of the Company's environmental impact.

The Committee's oversight role includes the monitoring of the relevant legislation, other legal requirements or codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, employment equity and the environment.

In fulfilment of its role, the Committee drives impact monitoring through Gaia's annual Impact Report with the latest being for the calendar year 2021. The Committee can, however, report that as at 31 July 2022 the REIT's investment in fibre networks ensures that 3 888 homes are connected to the internet through fibre from a total of 15 071. Across the Gaia Fibonacci Fibre Group, which includes unlisted investments, a total of 5 495 homes are connected to the internet from a total of 21 841.

SOCIO-ECONOMIC DEVELOPMENT: COMMUNITY, SOCIAL AND ENVIRONMENTAL ISSUES

The REIT is committed to making a difference in the communities it is invested in. Several Socio-Economic Development and Enterprise Development programmes and activities were successfully implemented during the financial period under review by the investee company.

Whilst the REIT, through its core business, has connected 3 888 households to the global economy, there are additional considerations that are kept in mind to further drive positive impact. The REIT's development partners aim to hire exclusively from local communities in construction of the fibre networks. In this construction, the REIT requires, where possible, to utilise local education centres as partners in which to house the active equipment allowing for the generation of rental income without incurring any costs whilst aiming to provide them with free reliable fibre connected internet. The REIT continues to look to ways in which to increase its impact beyond the core business which will be measured and monitored through Gaia's Annual Impact Report.

Signed on behalf of the Social and Ethics Committee by:

Yvette Labuschagne
Chairperson

21 November 2022

REMUNERATION COMMITTEE REPORT

The REIT has no employees for the period under review and therefore no Remuneration Committee.

OTHER REPORTING REQUIREMENTS

CONFLICTS OF INTEREST AND SHARE DEALINGS

Directors are aware that when a matter is considered by a Board in which they individually have a direct or indirect interest, this should be disclosed prior to the Board meeting. These disclosures are noted by the Board when necessary, and recorded in the minutes of a Board meeting.

All Directors, officers and employees (if applicable) of the REIT are advised of closed and prohibited periods in terms of the requirements of the CTSE. Directors, employees (if applicable), consultants and agents are prohibited from trading in the REIT's securities during closed and prohibited periods.

Insider trading	The REIT observes a closed period from just before the end of the accounting period to the announcement of the annual results. During this time, no Director in possession of unpublished price-sensitive information may trade directly or indirectly in the shares of the REIT.
Going concern	The Board considers and assesses the REIT's going concern on the basis in the preparation of the annual and interim financial statements. In addition, the solvency and liquidity requirements per the Companies Act are considered. The Board is satisfied that the REIT will continue as a going concern into the foreseeable future.
Material litigation	During the financial year, the REIT was not involved in any material litigation or arbitration proceeding nor are the Directors aware of any pending or threatened legal issues, which may have a material impact on the REIT's financial position.

AUDIT AND RISK COMMITTEE REPORT FOR THE YEAR UNDER REVIEW

1. INTRODUCTION

The Audit and Risk Committee ("the Committee") is pleased to present its report for the financial year ended 31 July 2022 (FY22). The Committee is an independent statutory committee appointed by shareholders. This report considers the statutory and delegated duties in terms of the Companies Act 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 period under review:

Committee members

- CP van Heerden (Chairperson)
- T Masiela
- YL Labuschagne

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 2023 financial year at the Annual General Meeting scheduled for 15 December 2022. The Committee met twice during the period starting from the Company's inception until the date of this report.

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, 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 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 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 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;
- review the work of the Group's external auditor and to ensure the adequacy and effectiveness of the Group's financial, operating compliance and risk management controls;
- report on the risk management process and assesses the Company's exposure to the top strategic risks;
- monitoring of compliance effectiveness within the Company;

AUDIT AND RISK COMMITTEE REPORT FOR THE YEAR UNDER REVIEW (continued)

3. ROLES AND RESPONSIBILITIES OF THE COMMITTEE (continued)

- perform duties that are attributed to it by its mandate from the Board, the Companies Act, 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 2022 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:

Reporting

- considered and agreed with the adoption of the going-concern premise in the preparation of the annual financial statements;
- reviewed the appropriateness of the financial statements, other reports to shareholders and other financial announcements made public;
- considered whether the annual financial statements fairly present the financial position of the Company as at 31 July 2022 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 Group'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 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; and
- 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 by Gaia Fund Managers Proprietary Limited, and challenged these where necessary. The Committee is satisfied that the valuation of investments performed fairly reflect the fair value of the investments of the Company.

External audit

The Audit and Risk Committee nominated Moore Stellenbosch Incorporated as the external auditor for the Company for the financial year ended 31 July 2022 and their appointment complies with the Companies Act of South Africa 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, Moore Stellenbosch Incorporated confirmed in an annual written statement that their independence has not been impaired.

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 Gaia 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 Moore Stellenbosch Incorporated provides.

Following the 2022 audit, Moore Stellenbosch Incorporated 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.

AUDIT AND RISK COMMITTEE REPORT FOR THE YEAR UNDER REVIEW (continued)

4. ACTIVITIES OF THE COMMITTEE (continued)

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 Review Services Proprietary Limited ("ORS") provided accounting services to the Company for the period under review. The Committee is satisfied with the independence of ORS and the quality of the accounting work provided by them during the period under review. The Committee has accordingly considered the reports from external audit on such matters and is satisfied that both reports confirm the adequacy and effectiveness of the Group's 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.

Comments on key audit matters, addressed by Moore Stellenbosch Incorporated in its external auditor's report

The external auditors have reported on two key audit matters in respect of their 2022 audit, being:

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

Both of these key audit matters related to material financial statement 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 financial statements, the Audit and Risk Committee recommended Board approval thereof.

On behalf of the Audit and Risk Committee

Riaan van Heerden
Audit and Risk Committee Chairperson

31 October 2022

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the 10 month period ended 31 July 2022

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 10 month period. The 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 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 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 financial statements support the viability of the Company.

The external auditors are responsible for independently auditing and reporting on the financial statements. The financial statements have been examined by the external auditors and their unmodified audit report is presented on pages 31 to 33.

The financial statements set out on pages 34 to 61 which have been prepared on the going-concern basis, were approved by the directors and were signed on 31 October 2022 on their behalf by:

MM Nieuwoudt	**D Kennon**
Place of signature	Claremont
Date of signature	31 October 2022

CERTIFICATE BY THE COMPANY SECRETARY

for the 10 month period ended 31 July 2022

In terms of section 88(2)(e) of the Companies Act, 71 of 2008 of South Africa, 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 10 month financial period ended 31 July 2022 and that the returns are true, correct and up to date.

The Office in Stellenbosch Proprietary Limited
Per: Ilzemarie Knoetze
Company Secretary

31 October 2022

DIRECTORS' REPORT

The directors submit their report on the separate financial statements of Gaia Fibonacci Fibre REIT 1 Ltd for the 10 month period ended 31 July 2022.

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 Ltd was incorporated in South Africa. The Company performs investment activities. The Company operates in South Africa.

Review of financial results and activities

The Company generated a profit after tax for the 10 month period ended 31 July 2022 of R16 145 451.

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

Company cash flows from operating activities amounted to an outflow of R64 993 for the 10 month period ended 31 July 2022. Full details of the financial position, results of operations and cash flows of the Company are set out in these financial statements.

3. AUTHORISED AND ISSUED SHARE CAPITAL

Refer to note 6 of the separate financial statements for detail of the movement in authorised and issued stated capital.

4. DIVIDEND

An interim dividend of R0.00115 per ordinary share was approved and an interim dividend of R103.53 per class A preference share were approved by the directors on 4 May 2022 in South Africa currency. Dividends were paid on 16 May 2022 to shareholders registered in the Company's register at the close of business on the declaration date.

No dividend was declared or paid to the class B preference shareholders.

5. DIRECTORS

The directors of the Company during the 10 month period and up to the date of this report are as follows:

Directors	Designation	Changes
D Kennon	Executive Director	Appointed 7 October 2022
YL Labuschagne	Independent Non-Executive Director	Appointed 25 November 2021
T Masiela	Independent Non-Executive Director	Appointed 27 January 2022
MM Nieuwoudt (Chairman)	Executive Director	Appointed 7 October 2021
MCS Nell	Executive Director	Appointed 7 October 2021
CP van Heerden	Independent Non-Executive Director	Appointed 25 November 2021

6. EVENTS AFTER REPORTING DATE

On 19 August 2022 the Company concluded a specific issuance of B preference shares for an aggregate subscription of R111 243 027 which was immediately used to purchase additional shares in the subsidiary GF Property SPV 2. The additional funding was reserved for further investments into fibre networks to be completed in the 2022 calendar year.

The Company declared a dividend of R3 172 491 on 31 October 2022 which was determined with reference to its financial results as reflected in its financial statements prepared for the 2022 year of assessment (ended 31 July 2022).

The aforementioned event is considered a non-adjusting event after the reporting period.

The directors are not aware of any matter or circumstance arising since the end of the 10 month financial period to the date of this report that could have a material effect on the financial position of the Company.

7. GOING CONCERN

The 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 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 company designated secretary is Ilzemarie Knoetze (The Office in Stellenbosch Proprietary Limited).

Postal address	**Business address**
PO Box 12700	12 Meson Close
Die Boord	Techno Park
7613	Stellenbosch
	7600

9. SHAREHOLDERS

The ordinary shares issued during the current 10 month financial period resulted in the ownership below. The shareholders and their interests at the end of the 10 month period are:

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

10. INTEREST IN SUBSIDIARIES

The Company holds 100% interest in both GF Property SPV 1 (RF) Proprietary Limited and GF Property SPV 2 (RF) Proprietary Limited during the 10 month period under review. Details of the Company's interests in subsidiaries are presented in the financial statements in note 4.

DIRECTORS' REPORT (continued)

11. LIQUIDITY AND SOLVENCY

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

12. INDEPENDENT AUDITORS

Moore Stellenbosch Inc. were appointed on 1 August 2022 in office as auditors for the Company for the 10 month financial period ended 31 July 2022, in accordance with section 90(6) of the South African 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 note 1.2 of the financial statements for further details on the consolidation exemption.

14. NON-CURRENT ASSETS

The Company acquired various assets during the 10 month period, refer to note 3 for intangible assets, note 4 for investment in subsidiaries, as well as note 1 for the relevant accounting policies applied to these assets.

INDEPENDENT AUDITOR'S REPORT

for the 10 month period ended 31 July 2022

To the shareholders of Gaia Fibonacci Fibre REIT 1 Limited
Report on the audit of the separate financial statements

OPINION

We have audited the separate financial statements of Gaia Fibonacci Fibre REIT 1 Limited set out on pages 34 to 36, which comprise the statement of financial position as at 31 July 2022 and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the 10 months then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Gaia Fibonacci Fibre REIT 1 Limited as at 31 July 2022, and its separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the separate 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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
As the financial assets and financial liabilities are measured at fair value through profit and loss and the balance is material, significant judgement and assumptions are exercised by management in determining the fair value. We consider these judgements and assumptions to be a key audit matter due to high estimation uncertainty. The valuation of the asset and liability is based on the discounted future cash flows from the underlying investment and cash available to settle the liability. There are estimations involved in the forecasting of the future cash flows, the discount rate used and the annual inflation rate.	We held discussions with management to obtain an understanding of the process applied in terms of determining the fair value of the financial asset and liability. We performed the following procedures: ◆ Evaluating Gaia Fibonacci Fibre REIT 1's fair value calculations and the principles and integrity of the discounted cash flow models. ◆ Testing the inputs used in the cash flow forecast for reliability and accuracy. ◆ Evaluating the cash flow forecasts for the first year of operation to the actual realised cash flows to determine the accuracy of management forecasts.

INDEPENDENT AUDITOR'S REPORT (continued)

for the 10 month period ended 31 July 2022

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
The future cash flows are highly dependent on the revenue of the underlying investment which is based on the uptake rate of the fibre network for the remaining investment period. Therefore, the forecast of the cash flows is a significant assumption impacting the valuation of the financial instruments. Refer to Note 4, Investments in subsidiaries, and Note 7, Other financial liabilities, on how the key audit matter was identified in the valuation of these financial instruments.	◆ Testing management assumptions of the CPI Index, uptake rate of the fibre network and line speed demographics for the long-term outlook over the remaining investment period for the reasonability of it. ◆ Testing the effect the above assumptions have on the overall discount rate and recalculating this rate. ◆ Re-computing of the fair values. Based on the results of the above procedures, we consider the carrying value and disclosure of the financial asset and liability 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 Separate Annual Financial Statements for the year ended 31 July 2022", which includes the Directors' Report, the Audit Committee's Report, Report of the Compiler and Certificate by the Company Secretary as required by the Companies Act of South Africa and a document titled "Gaia Fibonacci Fibre REIT 1 Limited Integrated Annual Report 2022". The Gaia Fibonacci Fibre REIT 1 Limited Integrated Annual Report for 2022 is expected to be made available to us after the date of this auditor's report. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Gaia Fibonacci Fibre REIT 1 Limited Integrated Annual Report 2022 report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF THE DIRECTORS FOR THE SEPARATE FINANCIAL STATEMENTS

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

In preparing the separate 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 SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 separate financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

for the 10 month period ended 31 July 2022

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 separate financial statements of the current year 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 Moore Stellenbosch Incorporated has been the auditor of Gaia Fibonacci Fibre REIT 1 Limited for one year.

Moore Stellenbosch Inc

Moore Stellenbosch Incorporated
Registered Auditors

Per: Pieter-Louw van der Ahee (RA)
Chartered Accountant (SA)
Director

31 October 2022

24 Techno Avenue
Techno Park
Stellenbosch
7600

REPORT OF THE COMPILER

for the 10 month period ended 31 July 2022

To the Directors of Gaia Fibonacci Fibre REIT 1 Limited

We have compiled the accompanying financial statements of Gaia Fibonacci Fibre REIT 1 Limited based on information you have provided. These financial statements comprise the statement of financial position as at 31 July 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the 10 month period then ended, and a summary of significant accounting policies 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 financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These 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 financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with International Financial Reporting Standards.

The Office Review Services Proprietary Limited

31 October 2022

24 Techno Avenue
Techno Park
Stellenbosch
7600

Per: Eldine Malan
Chartered Accountant (SA)

STATEMENT OF FINANCIAL POSITION

for the 10 month period ended 31 July 2022

	Notes	2022 R
Assets		
Non-current assets		
Intangible assets	3	**41 975**
Investments in subsidiaries	4	**186 880 035**
Total non-current assets		**186 838 060**
Current assets		
Cash and cash equivalents	5	**1 234 813**
Total assets		**188 114 848**
Equity and liabilities		
Equity		
Issued capital	6	**1 000**
Retained income		**16 030 451**
Total equity		**16 031 451**
Liabilities		
Non-current liabilities		
Other financial liabilities	7	**171 980 912**
Current liabilities		
Trade and other payables	8	**102 485**
Total liabilities		**172 083 397**
Total equity and liabilities		**188 114 848**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 10 month period ended 31 July 2022

	Notes	10 month period ended 31 July 2022 R
Revenue	9	**1 240 477**
Administrative expenses	10	**(54 975)**
Other expenses	11	**(219 517)**
Other gains	12	**16 197 929**
Profit from operating activities		**17 163 914**
Investment income	13	**16 537**
Finance costs	14	**(1 035 000)**
Profit before tax		**16 145 451**
Income tax expense	15	**–**
Profit for the 10 month period		**16 145 451**

STATEMENT OF CHANGES IN EQUITY

for the 10 month period ended 31 July 2022

	Issued capital R	Retained income R	Total R
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 ordinary shareholders	–	(115 000)	(115 000)
Shares issued	1 000	–	1 000
Balance at 31 July 2022	**1 000**	**16 030 451**	**16 031 451**
Note	6		

STATEMENT OF CASH FLOWS

for the 10 month period ended 31 July 2022

	Notes	10 month period ended 31 July 2022 R
Net cash flows used in operations	20	**(172 007)**
Dividends paid	22	**(115 000)**
Dividends received	9	**1 240 477**
Interest paid	14	**(1 035 000)**
Interest received	13	**16 537**
Net cash flows used in operating activities		**(64 993)**
Cash flows used in investing activities		
Purchase of investments in subsidiaries		**(158 043 185)**
Purchase of intangible assets		**(41 975)**
Cash flows used in investing activities		**(158 085 160)**
Cash flows from financing activities		
Proceeds from issuing ordinary shares		**1 000**
Proceeds from other financial liabilities		**159 383 966**
Cash flows from financing activities		**159 384 966**
Net increase in cash and cash equivalents		**1 234 813**
Cash and cash equivalents at end of the 10 month period	5	**1 234 813**

ACCOUNTING POLICIES

1. GENERAL INFORMATION

Gaia Fibonacci Fibre REIT 1 Limited ("the Company") performs investment activities.

The Company was incorporated on 7 October 2021 as a public company and domiciled in South Africa. Therefore, the annual financial statements are presented for the 10 months ended 31 July 2022.

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 Basis of preparation and summary of significant accounting policies

The 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 financial statements and the South African Companies Act 71 of 2008. The 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 (including derivative instruments) at fair value through profit or loss. They are presented in Rand which is the Company's functional currency.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in compliance with the CTSE Listing requirements.

Significant judgements and sources of estimation uncertainty

The preparation of 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 financial statements, are outlined as follows: Management have made critical judgements in applying accounting policies for the following:

- Fair value measurement
- Presenting financial instruments
- Investment entity characteristics (refer to note 1.2)

The Company assessed that the financial asset is an equity instrument held as a derivative asset and therefore categorised as financial assets at fair value through profit or loss. The financial liability is also recognised as a financial liability at fair value through profit or loss.

When financial assets 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 subsidiary (financial asset) and the preference shares liability (financial liability), 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.

ACCOUNTING POLICIES (continued)

1. GENERAL INFORMATION (continued)

1.1 Basis of preparation and summary of significant accounting policies (continued)

Key sources of estimation uncertainty

Fair value measurement

The assets and liabilities of the Company are either measured at fair value or disclosure is made of their fair values. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) 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.

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 discounted cash flow ("DCF"). Management uses judgement to select the most appropriate valuation method. The DCF 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.

Assumptions

The fair value of investments in subsidiaries, as determined through a DCF, is driven by dividend cash flows received from property companies held by the investment company. Dividend cash flows from subsidiary fibre network property company are driven by forecast rental income and expenditure in projects underlying each subsidiary, which form the basis of the DCF valuation.

Individual project cash flows, which include income, expenditure and the nominal disposal value of each project at the end of its estimated life, are forecast. The timing and magnitude of project cash inflows are based on historic financial information, such as average revenue per user ("ARPU"), as well as non-financial metrics and market survey data, including, vacancy projections, demographics data. Forecast project cash outflows are based on a percentage of rental income, percentage of number of homes passed, and the percentage of active home-passes. Such outflows include the budgeted operation and maintenance costs, marketing spend, and ad hoc maintenance costs. Long-term consensus inflation forecasts are incorporated into the project cash flows.

Dividend cash flows from subsidiaries are discounted at the appropriate discount rate, based on the required hurdle rate for investment by the investment entity. Preference share valuations are based on the forecasted dividends cash flows from subsidiaries to the preference shareholders in line with contractually agreed distribution terms. The distributions to preference shareholders includes the allowable deduction of operational costs and ongoing listing fees.

Tax

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1. GENERAL INFORMATION (continued)

1.1 Basis of preparation and summary of significant accounting policies (continued)

Tax

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

1.2 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, joint venture or associate shall be exempt from consolidation or equity accounting in terms of amendments to IFRS 10, IFRS 12 and IAS 28 and shall measure an investment in a subsidiary, joint venture or associate at fair value through profit or loss in accordance with IFRS 9.

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 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 and 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 thus prepare separate annual financial statements. The investment in the subsidiary is measured at fair value through profit and loss in accordance with IFRS 9.

1.3 Intangible assets

Recognition

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

Initial measurement

Intangible assets are initially measured at cost.

Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

ACCOUNTING POLICIES (continued)

1. GENERAL INFORMATION (continued)

1.3 Intangible assets (continued)

Expenditure on an intangible asset is recognised as an expense when it is incurred unless it is part of the cost of an intangible asset that meets the recognition criteria or if the item is acquired in a business combination and cannot be recognised as an intangible asset it is recognised as part of goodwill at the acquisition date. Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

Subsequent measurement – cost model

After initial recognition, intangible assets are measured at cost less any accumulated impairment losses.

The classification of useful lives and amortisation methods for the various classes of assets are as follows:

Asset class	Useful life classification
Software assets	Indefinite

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate future net cash inflows.

Impairments

The entity tests for impairment where there is an indication that an intangible asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same intangible asset in which case the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the intangible asset to which it relates, the resulting liability is only recognised if required by another standard.

Retirements and disposals

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

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.

Equity instruments held as derivative assets are mandatorily categorised as financial assets at fair value through profit or loss ("FVTPL").

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.

ACCOUNTING POLICIES (continued)

1. GENERAL INFORMATION (continued)

1.4 Financial instruments (continued)

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.

Financial assets held in this type of business model are managed to realise cash flows by both collecting contractual cash flows and selling the financial instrument. Both these activities are fundamental to achieving the objective of the business model.

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 or deducted from the fair value at initial recognition.

Subsequent measurement of financial assets

Financial assets at fair value through profit and loss	These assets are subsequently measured at fair value. The assets consist of investments at fair value through profit or loss (note 4). 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.

Initial recognition of financial liabilities

Financial liabilities not measured at FVTPL on initial recognition are measured at fair value less transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

The Company irrevocably designate the financial liabilities to be measured at fair value through profit or loss.

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 (refer to note 8). 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 consist of preference shares, and are subsequently measured at fair value. Net fair value gains and losses, including any interest expense are recognised in profit or loss (note 7).

ACCOUNTING POLICIES (continued)

1. GENERAL INFORMATION (continued)

1.4 Financial instruments (continued)

Write-off policy

The Company writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information. Indicators to write-off the asset include when interest repayments are 120 days past due and there is no reasonable expectation of recovery, as well as discussions with counterparties to the instruments. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Credit risk

Details of the credit risk of financial assets are included in the financial instruments and risk management note (note 23).

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.

Levies in arrears are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When levies in arrears are uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Levies in arrears are classified as loans and receivables.

Cash and cash equivalents

Cash and cash equivalents are initially stated at carrying amount, which is deemed to be fair value, and subsequently carried at amortised cost which is deemed to be fair value. Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other payables

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

1. GENERAL INFORMATION (continued)

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.

Gaia Fibonacci Fibre REIT was listed as a Real Estate Investment Trust (REIT). As a result, section 25BB of the Income Tax Act applies to qualifying REIT income and expenses. The legislation provides that capital gains on sale of immovable properties are not taxable and previous building allowances claimed will be recouped at the company tax rate. All rental income and dividends from property subsidiaries will be taxed at 28% 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 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.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Stated 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 stated 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 are recognised in equity.

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 and loss or other comprehensive income as interest expense. Please refer to note 14.

ACCOUNTING POLICIES (continued)

1. GENERAL INFORMATION (continued)

1.7 Revenue

Dividend income is presented as revenue in the statement of profit and loss and other comprehensive income as the dividends that the entity receives are in the ordinary course of the entity's business.

1.8 Investment income

Interest income, including interest from non-derivative financial assets at fair value through profit or loss, is recognised, in profit or loss, using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Company will estimate future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Dividend income or expense 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 but not distributed or received at the end of the reporting period.

1.9 Borrowing costs

Borrowing costs are recognised as an expense in the period which they are incurred.

1.10 Statement of cash flows

The statement of cash flows is prepared on the direct method, whereby the major classes of gross cash receipts and gross cash payments are 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 ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 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 January 2023 or later periods:

Standard/ interpretation	Details of amendment	Annual periods beginning on or after	Application of standard
IAS 1*: Amendments to clarify the classification of liabilities*	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023	This amendment will be adopted for the financial year ending 30 July 2024 and is not expected to materially impact the Company.
IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Accounting Estimates)*	The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023	This amendment will be adopted for the financial year ending 30 July 2024 and is not expected to materially impact the Company.
IAS 12: *Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*	The amendment specifies how companies should account for deferred tax related to Assets and Liabilities arising from a Single Transaction on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions.	1 January 2023	This amendment will be adopted for the financial year ending 30 July 2024 and is not expected to materially impact the Company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.1 Standards and interpretations not yet effective (continued)

Standard/ interpretation	Details of amendment	Annual periods beginning on or after	Application of standard
IAS 1: *Presentation of Financial Statements (Amendment – Disclosure of Accounting Policies)*	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023	This amendment will be adopted for the financial year ending 30 July 2024 and is not expected to materially impact the Company.

3. INTANGIBLE ASSETS

Reconciliation of changes in intangible assets

	Software assets R	Total R
Reconciliation for the 10 months ended 31 July 2022		
Balance at 7 October 2021		
At cost	–	–
Accumulated amortisation	–	–
Net book value	–	–
Movements for the 10 months ended 31 July 2022		
Other acquisitions	41 975	41 975
Intangible assets at the end of the 10 month period	41 975	41 975
Closing balance at 31 July 2022		
At cost	41 975	41 975
Accumulated amortisation	–	–
Net book value	41 975	41 975

4. INVESTMENTS IN SUBSIDIARIES

4.1 The amounts included on the statement of financial position comprise the following

Name of company	Country of incorporation	Principal activity	% holding 2022	Fair value 2022
GF Property SPV 1 (RF) Proprietary Limited	South Africa	Investment	100%	136 184 390
GF Property SPV 2 (RF) Proprietary Limited	South Africa	Investment	100%	50 653 670

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

The carrying amount of investments in subsidiaries is shown at fair value. During the current 10 month period, there were no impairments of investments in the Company.

4. INVESTMENTS IN SUBSIDIARIES (continued)

4.1 The amounts included on the statement of financial position comprise the following (continued)

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. The investments in GF Property SPV 1 (RF) Proprietary Limited and GF Property SPV 2 (RF) Proprietary Limited are measured at fair value on a stand alone basis and the Company uses the same valuation method to measure fair value in its investments in GF Property SPV 1 (RF) Proprietary Limited and GF Property SPV 2 (RF) Proprietary Limited.

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 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date. The quoted market price used for financial assets is the current bid price. These instruments are included in level 1.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. If all significant inputs are required to fair value an instrument are observable, the instrument is included in level 2.

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 Fund is the discounted cash flow ("DCF") methodology. Some of the significant inputs into the discounted cash flow 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 discounted cash flow model;
- Assessment and determination of the expected cash flows (dividend income and preference dividend) from the underlying investments; and
- Selection of the appropriate discount rates.

The value of the investments in GF Property SPV 1 (RF) Proprietary Limited and GF Property SPV 2 (RF) Proprietary Limited were determined using the discounted cash flow valuation models. Assumptions and inputs used in valuation techniques include CPI and investor premium used in estimating 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. Investment in subsidiaries are recognised at fair value through profit or loss for which the carrying amounts equal its fair value.

As at 31 July 2022, the fair value measurement of shares held by the Company in GF Property SPV 1 (RF) Proprietary Limited and GF Property SPV 2 (RF) Proprietary Limited are categorised into level 3.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

4. INVESTMENTS IN SUBSIDIARIES (continued)

4.1 The amounts included on the statement of financial position comprise the following (continued)

Assumptions

Discount rate	GF Property SPV 1: 15.43% GF Property SPV 2: 15.47%	The investments in subsidiaries are valued on a nominal basis, as such of 15.11% for GF Property SPV 1 and 15.15% for GF Property SPV 2, and are adjusted for the risk premium of the company for the ordinary shareholders.
Cash flow	Expected dividends and proceeds from disposal of assets	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 initial acquisition costs of the assets with a forecasted inflation rate, at the end of the discount period.
Discount period	Remaining term of the 10-year period	Expected term of the A and B preference shares, 10 years.

Reconciliation of assets measured at level 3

	Opening balance	Additions	Fair value through profit/(loss)	Closing balance R
2022 **Assets** **Financial assets at fair value through profit/(loss)** Investment in subsidiary	–	158 043 185	28 794 875	186 838 060
				186 838 060

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	Fair value at 31 July 2022	1% decrease in unobservable input	1% increase in unobservable input
Discounted cash flow	Discount rate	15.43%	136 184 390	7 759 663	(7 186 703)

	GF Property SPV 2 (RF) Proprietary Limited				
Valuation technique	Significant unobservable inputs	Estimates for unobservable inputs	Fair value at 31 July 2022	1% decrease in unobservable input	1% increase in unobservable input
Discounted cash flow	Discount rate	15.47%	50 653 670	2 956 534	(2 732 121)

4. INVESTMENTS IN SUBSIDIARIES (continued)

4.1 The amounts included on the statement of financial position comprise the following (continued)

Significant observable/unobservable inputs are developed as follows

Discount rate: The discount rate uses the latest internal rate of return of the investment and adds a risk margin. The risk margin is determined by management and is based on financial risk of the Company.

CPI rate: The consensus macroeconomic view as compiled by PWC and the National Treasury was utilised in setting the CPI inflation outlook over the investment period of 10 years.

Uptake rate: The use of the fibre infrastructure and the rate of the increase in the uptake rate is based on the historic data from average revenue per user ("ARPU"), as well as non-financial metrics and market survey data, including vacancy projections and demographic data.

4.2 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 and loss.

5. CASH AND CASH EQUIVALENTS

	2022 R
Net cash and cash equivalents	
Current assets at amortised cost	**1 234 813**

6. STATED CAPITAL

	2022 R
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 unspecified class C 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	
100 000 000 ordinary no par value shares	**1 000**
Reconciliation of number of shares issued:	
Reported at 7 October 2021	**–**
Issue of ordinary shares	**100 000 000**
Closing balance as at 31 July 2022	**100 000 000**

Refer to note 7 for preference shares issued.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

6. STATED CAPITAL (continued)

	Shares	Shares %
Class A preference shareholders		
– FRB ITF Kruger Ci Prudential Fund	2 765	28
– FRB ITF Kruger Ci Balanced Fund (FRBKPF001)	4 321	43
– FRB ITF Kruger Ci Equity Fund (FRBKPF001)	691	7
– L Pretorius	1 728	17
– Rheas Infras	492	5
	9 997	100
Class B preference shareholders		
– FRB ITF Kruger Ci Prudential Fund	748	27
– FRB ITF Kruger Ci Balanced Fund (FRBKPF001)	1 165	43
– FRB ITF Kruger Ci Equity Fund (FRBKPF001)	191	7
– L Pretorius	209	7.6
– Mai Capital Proprietary Limited	235	9
– Rheas Infras Proprietary Limited	139	5
– Other shareholders	51	1.8
	2 738	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 to the Managers (Gaia Fund Managers Proprietary Limited and Fibonacci Holdings Proprietary Limited) in respect of the ordinary shares in the issued share capital of the Company, or any other holder of such ordinary shares at the applicable time.

7. OTHER FINANCIAL LIABILITIES

	2022 R
9 997 class A preference shares	125 904 347
2 738 class B preference shares	46 076 565
	171 980 912
Non-current portion of other financial liabilities	171 980 912
	171 980 912

7.2 Disclosures

Fair value information of other financial liabilities

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 preference share liabilities is measured at fair value on a stand alone basis and the Company uses some of the parts valuation method to measure the fair value of 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.

7. OTHER FINANCIAL LIABILITIES (continued)

7.2 Disclosures (continued)

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date. The quoted market price used for financial assets is the current bid price. These instruments are included in level 1.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. If all significant inputs are required to fair value an instrument are observable, the instrument is included in level 2.

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 Fund is the discounted cash flow ("DCF") methodology. Some of the significant inputs into the discounted cash flow 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 discounted cash flow model;
- Assessment and determination of the expected cash flows (dividend income and preference dividend) from the underlying investments; and
- Selection of the appropriate discount rates.

The value of the preference shares was determined using the discounted cash flow valuation models. Assumptions and inputs used in valuation techniques include CPI and investor premium used in estimating 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 2022, the fair value measurement of the preference shares is categorised into level 3.

Assumptions

Discount rate	Class A: 15.11% Class B: 15.15%	The other financial liabilities are valued on a nominal basis, as such the real rate of 10.11% for GF Property SPV 1 and 10.15% for GF Property SPV 2.
Cash flow	Expected dividends and proceeds from disposal of assets	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 initial acquisition costs of the assets with a forecasted inflation rate, at the end of the discount period.
Discount period	Remaining term of the 10-year period	Expected term of the A and B preference shares, 10 years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

7. OTHER FINANCIAL LIABILITIES (continued)

7.2 Disclosures (continued)

Reconciliation of assets measured at level 3

	Opening balance	Additions	Fair value through profit/(loss)	Closing balance R
2022				
Liabilities				
Financial liabilities at fair value through profit/(loss)				
Other financial liabilities	–	159 383 966	12 596 946	171 980 912
				171 980 912

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	Fair value at 31 July 2022	1% decrease in unobservable input	1% increase in unobservable input
Discounted cash flow	Discount rate	15.11%	125 904 347	7 349 409	(6 799 969)

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	Class B preference shares				
Valuation technique	Significant unobservable inputs	Estimates for unobservable inputs	Fair value at 31 July 2022	1% decrease in unobservable input	1% increase in unobservable input
Discounted cash flow	Discount rate	15.15%	46 076 565	2 778 652	(2 564 292)

Significant observable/unobservable inputs are developed as follows

Discount rate: The discount rate uses the latest internal rate of return of the investment and adds a risk margin. The risk margin is determined by management and is based on financial risk of the Company.

CPI inflation: The consensus macroeconomic view as compiled by PWC and the National Treasury was utilised in setting the CPI inflation outlook over the investment period of 10 years.

Uptake rate: The use of the fibre infrastructure and the rate of the increase in the uptake rate is based on the historic data from average revenue per user ("ARPU"), as well as non-financial metrics and market survey data, including vacancy projections and demographic data.

8. TRADE AND OTHER PAYABLES

	2022 R
Trade and other payables comprise	
Trade creditors	102 485

9. REVENUE

	2022 R
Revenue comprises	
Dividends received from subsidiary	1 240 477

10. ADMINISTRATIVE EXPENSES

	2022 R
Administrative expenses comprise	
Accounting fees	51 750
Bank charges	3 225
Total administrative expenses	54 975

11. OTHER EXPENSES

	2022 R
Other expenses comprise	
Directors' fees	30 000
Legal expense	28 290
Listing cost	115 000
Professional fees	46 227
Total other expenses	219 517

12. OTHER GAINS AND (LOSSES)

	2022 R
Other gains and (losses) comprise	
Fair value gains on assets	28 794 875
Fair value (losses) on liabilities	(12 596 946)
Total other gains and (losses)	16 197 929

13. INVESTMENT INCOME

	2022 R
Investment income comprises	
Interest received – bank	16 537

14. FINANCE COSTS

	2022 R
Finance costs included in profit or loss	
Class A preference shares	1 035 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

15. INCOME TAX EXPENSE

	2022 R
The income tax for the 10 month period can be reconciled to the accounting profit/(loss) as follows	
Profit before tax from operations	**16 145 451**
Income tax calculated at 28.0%	**4 520 726**
Tax effect of	
– Fair value adjustments	**(4 566 407)**
– Limitation of section 25BB deduction	**45 681**
Tax charge	

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: (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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Consequently, no deferred tax asset is accounted for with respect to the assessed loss.

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. This change does not currently affect the Company as no deferred tax has been recognised.

16. RELATED PARTIES

16.1 Relationships

Holding company	Gaia Fund Managers Proprietary Limited
Minority shareholder	Fibonacci Holdings Proprietary Limited
Fellow subsidiary	Gaia Fibonacci Fibre Fund (RF) Proprietary Limited
Subsidiaries	GF Property SPV 1 (RF) Proprietary Limited
	GF Property SPV 2 (RF) Proprietary Limited
Key members	D Kennon
	YL Labuschagne
	T Masiela
	MM Nieuwoudt
	CP van Heerden
	MCS Nell

16. RELATED PARTIES (continued)

16.2 Related party transactions and balances

	Gaia Fund Managers Proprietary Limited	Fibonacci Holdings Proprietary Limited	GF Property SPV1 (RF) Proprietary Limited	Gaia Fibonacci Fibre Fund (RF) Proprietary Limited	Total
10 months ended 31 July 2022					
Related party transactions					
Dividend received	–	–	1 240 477	–	1 240 477
Dividends paid	(58 650)	(56 350)	–	–	(115 000)
Expenses paid by related parties	(36 915)	–	–	(116 380)	(153 295)
Outstanding balances for related party transactions					
Amounts included in trade payables	(28 290)	–	–	–	(28 290)

17. DIRECTORS' REMUNERATION

	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 by a company within the Group	Total
2022					
Executive					
MCS Nell	–	–	–	–	–
MM Nieuwoudt	–	2 238 369	–	–	2 238 369
D Kennon	–	984 000	–	–	984 000
	–	3 222 369	–	–	3 222 369
Non-executive					
T Masiela	–	–	10 000	–	10 000
CP van Heerden	–	–	10 000	–	10 000
YL Labuschagne	–	–	10 000	–	10 000
	–	–	30 000	–	30 000

18. EVENTS AFTER THE REPORTING DATE

On 19 August 2022 the Company concluded a specific issuance of B preference shares for an aggregate subscription of R111 243 027 which was immediately used to purchase additional shares in the subsidiary GF Property SPV 2. The additional funding was reserved for further investments into fibre networks to be completed in the 2022 calendar year.

The Company declared a dividend of R3 172 491 on 31 October 2022 which was determined with reference to its financial results as reflected in its financial statements prepared for the 2022 year of assessment (ended 31 July 2022).

The aforementioned event is considered a non-adjusting event after the reporting period.

The directors are not aware of any matter or circumstance arising since the end of the 10 month financial period to the date of this report that could have a material effect on the financial position of the Company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

19. GOING CONCERN

The 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 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.

20. CASH FLOWS FROM OPERATING ACTIVITIES

	2022 R
Profit before tax	**16 145 451**
Adjustments for	
Interest received	**(16 537)**
Dividends received	**(1 240 477)**
Finance costs	**1 035 000**
Fair value gains and losses	**(16 197 929)**
Change in operating assets and liabilities	
Adjustments for increase in trade accounts payable	**102 485**
Net cash flows from operations	**(172 007)**

21. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	A preference share liability 2022 R	B preference share liability 2022 R
Opening balance	**–**	**–**
Cash movements:		
Additions	**114 416 874**	**44 966 993**
Non-cash movements		
Fair value adjustments	**11 487 473**	**1 109 472**
Closing balance	**125 904 347**	**46 076 465**

22. DIVIDEND PAID

An interim dividend of R0.00115 per ordinary share was approved by the directors in South African currency. Dividends were paid on 16 May 2022 to shareholders registered in the Company's register at the close of business on the declaration date.

	2022 R
Dividend paid are calculated as follows:	
Dividend declared and paid	**(115 000)**

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Notes	Fair value through profit/loss	Amortised cost	Total
Categories of financial instruments				
Categories of financial assets				
Company – 2022				
Non-current assets				
Investment in subsidiary	4	**186 838 060**	**–**	**186 838 060**
Current assets				
Cash and cash equivalents	5	**1 234 813**	**–**	**1 234 813**
		188 072 873	**–**	**188 072 873**

	Notes	Fair value through profit/loss	Amortised cost	Total
Categories of financial liabilities				
Company – 2022				
Non-current assets				
Investment in subsidiary	7	**171 980 912**	**–**	**171 980 912**
Current assets				
Cash and cash equivalents	8	**–**	**102 485**	**102 485**
		171 980 912	**102 485**	**172 083 397**

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 notes 10 to 14.

Capital risk management

The Company's objective when managing capital (which includes share capital, borrowings, 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 maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders or issue new shares.

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 and price risk).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk management (continued)

Overview (continued)

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.

"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 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. The Company considers credit risk on cash and cash equivalents to be minimal.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. No receivables were considered impaired in terms of IFRS 9.

Financial assets maximum exposure to credit risk at the end of the 10 month period were as follows:

	Notes	Gross carrying amount	Credit loss allowance	Amortised cost
2022				
Financial instrument				
Cash and cash equivalents	4	**1 234 813**	**–**	**1 234 813**
		1 234 813	**–**	**1 234 813**

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.

The class A preference shares and class B preference shares liability is an estimation based on discounted future cash flows as per the model. (Refer to Key sources of estimation uncertainty, assumptions paragraph.) The Company is expected to receive a dividend based on the model from its subsidiaries. The expected dividend receivable will service the expected operational expense as well as the class A preference share and class B preference shares liability. The Company will therefore be able to meet its obligation.

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.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk management (continued)

Overview (continued)

Liquidity risk (continued)

	Notes	Less than 1 year R	2 to 5 years R	More than 5 years R	Total cash flows R	Carrying amount R
2022						
Non-current liabilities						
Other financial liability	7	–	90 377 808	380 432 447	470 810 254	171 980 912
Current liabilities						
Trade and other payables	8	102 484	–	–	–	
		102 484	90 377 808	380 432 447	470 810 254	171 980 912

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.

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.

Please refer to note 4 and note 7.

PROPERTY ENTITY INVESTORS REPORT

THE OBJECTIVES, INVESTMENT POLICY AND STRATEGY

Objectives

The REIT aims to invest into high quality fibre network assets which ensure that maintenance, marketing and other operational costs are kept low to ensure an increase in value flowing through to the REIT's investors.

These investments need to adhere to the investment criteria as determined by the REIT's Investment Committee who ensures that investors are provided with investments that meet the expected returns.

The aim is to make it as attractive as possible for the Management Company to sell the fibre network assets as the backbone to Internet Service Providers. The REIT looks to a benchmark return of CPI +7% with a target of CPI +10%.

Investment policy and strategy

The investment policy which is governed by the Investment Committee applies this strategy before approving any investment decision. Additionally, the policy and strategy is to only allow investments into networks which have a minimum 25% uptake at acquisition. This, coupled with the benchmark return of CPI +7%, provides the board with comfort over downside risk on networks not meeting return expectations.

Where a network is acquired within a portfolio, that collectively has a >25% uptake, but individually has a lower uptake percentage, the Investment Committee carefully considers whether the remaining networks in the portfolio exhibit risk-mitigating qualities. These criteria used to evaluate a portfolio include the age and maturity of the network, diversification LSM served by the network, diversification across geographic locations, environmental and social sustainability of the site.

MARKET OUTLOOK

The REIT has access to a pipeline of projects in excess of R1.5 billion that, in principle, meets the criteria as set out by the Investment Committee.

With fibre growing, South Africa still only provides fixed line internet to 1/10th of the country with fibre taking up an increasing share of total internet to the home.

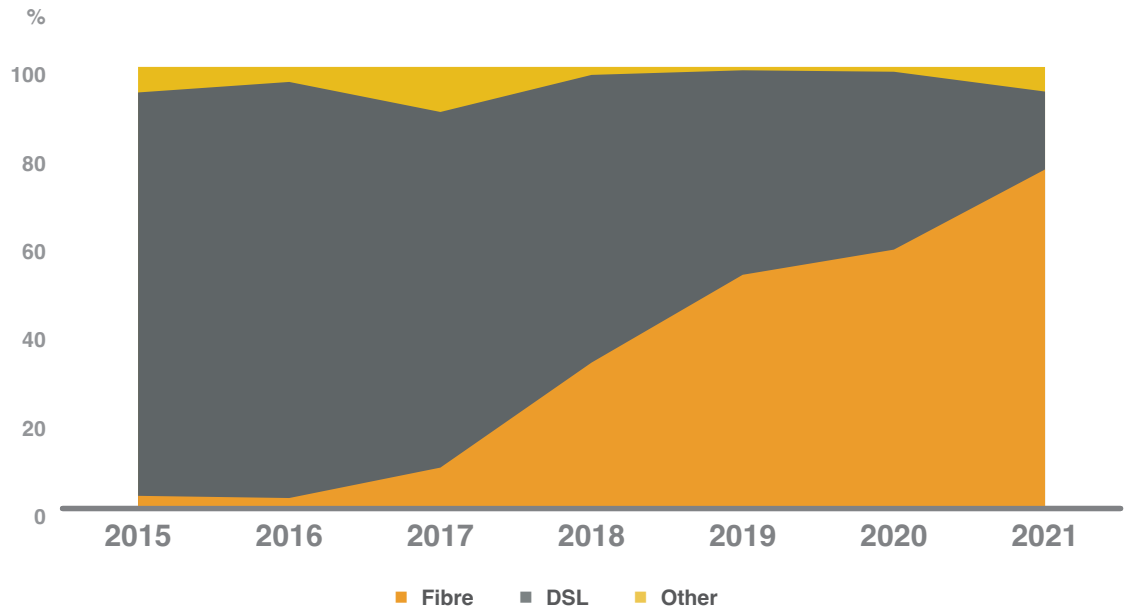
Covid-19 has propelled the demand for fibre connectivity to allow for work and learn from home solutions. Fibre-To-The-Home ("FTTH") has seen exponential growth in the past five years driven by the connection of SA's larger metropoles.

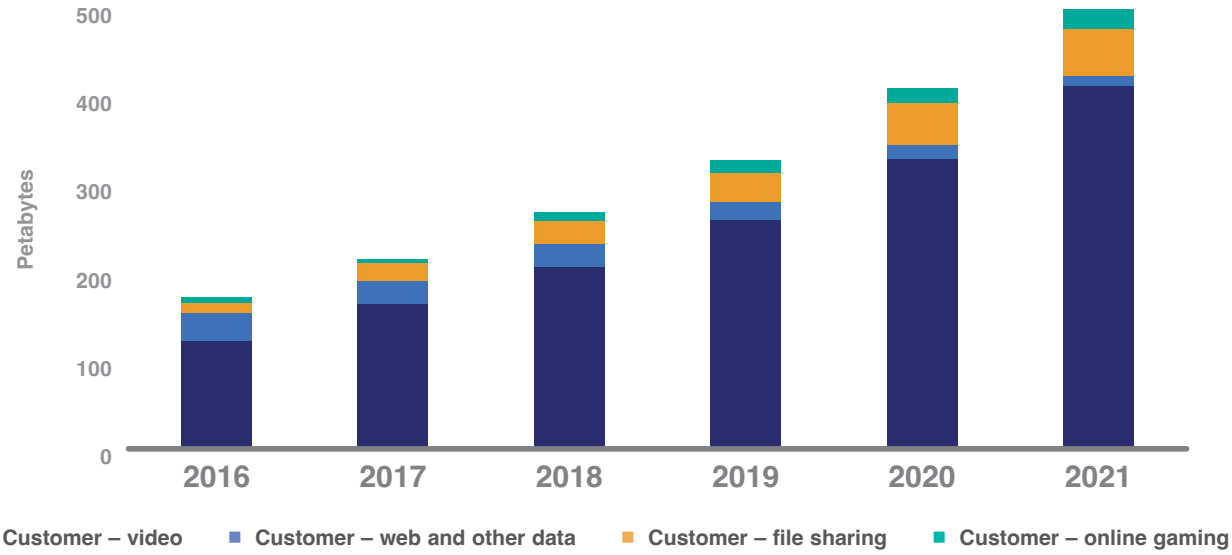
As single fibre line to the home limits the absolute number of capable installations possible, industry players are competing to get access to the home and thus control over the user's fibre connectivity. The land-grab that was experienced in the early years of fibre adoption has moved away from high LSMs and large cities to less competitive, but highly profitable Tier 2 and more peri-urban areas.

Concurrently, the average rate at which data is being consumed per capital is steeply increasing, thus the need for infrastructure which supports and can grow with this need is critical. The growth in average data consumption has increased by more than 20% in 2021, with the upward trend expected to continue upwards into the future.

Sustainable profits have shown that whilst Data prices have fallen by c.23% over the past two years, there has been an increase of 29% in the average price paid per broadband user. This increase has been driven by the modern data usage requiring faster and higher quality connectivity.

Composition of fixed-broadband subscriptions in RSA (ICASA, 2021)





PROPERTY ENTITY INVESTORS REPORT (continued)

REIT A AND B PREFERENCE SHARE BENCHMARK

The primary benchmark that the company is aiming to achieve is the return to the Preference Share holders. The benchmark return to A and B Preference Shareholders is CPI +7%. Currently, the characteristics of each property companies' portfolio is largely homogenous and thus the benchmark return is the same for both classes of Preference Shares.

HISTORICAL PERFORMANCE OF THE PROPERTY ENTITY AGAINST THE STATED BENCHMARK SINCE LISTING OR, IN THE CASE OF A NEW LISTING, IF APPLICABLE, 3 (THREE) YEARS' HISTORICAL PERFORMANCE AGAINST SUCH BENCHMARKS

The REIT's current portfolio of investments has outperformed against the benchmark. The current returns on the A Preference share has a yield of 15.11% as at year-end, and the B Preference Shares have a yield of 15.15%. This performance has been driven by growth in the uptake on the networks from initial 25% uptake, being the network's required uptake % for acquisition, to c. 29.8% as at 31 July2022.

The above demonstrates clearly that the group has been able to exceed benchmark performance, by 3.11% and 3.15% for the A and B Preference Shares respectively. The performance of the company as at the date of this report, reflects the 10-month period since incorporation and listing in December 2021, therefore no historical performance preceding the current period is available.

DETAILS AND EXPERIENCE OF THE DIRECTORS OF THE REIT

Matthys Michiel ("Mich") Nieuwoudt

Chairman (Gaia Fibonacci Fibre REIT 1 Ltd)

Pr.Eng, B.Eng (Electronic), MBA

Mich started his career in the petrochemical industry with Polifin and the defence industry with Thales, before joining PSG Investment Bank in 1999. In 2003, he joined Siemens Business Services, where he gained international experience across Europe, particularly in the renewable energy sector. Thereafter Mich moved to the Square One Group where he was responsible for group operations. In 2008, he joined the SAGIT group where he worked on the Eden Island Project in the Seychelles and mining operations in West Africa before focusing on SAGIT's renewable energy developments. Mich has taken on many roles in Gaia since 2012 and currently serves as the Executive Chairman of Gaia.

Denzil Kennon

Director (Gaia Fibonacci Fibre REIT 1 Ltd)

PhD (Ind. Eng.), MSc Eng (Ind. Eng.), CFA Level I, BEng (Industrial Mechanical)

Denzil is a qualified Industrial Engineer with more than a decade spent in the asset management, venture capital, private equity and private debt industries. Denzil started his career as a business analyst at Allan Gray after which he redirected his focus to private equity in 2012. Here he focused on the mining, telecommunication and agriculture sectors. In 2013, Denzil embarked on his PhD studies with a focus on how organisations can utilise a systems engineering approach to be more antifragile in an increasingly volatile world. Denzil continues to act as a Senior Lecturer – Extraordinary at Stellenbosch University where he lectures in enterprise engineering on an ad hoc basis. Denzil recently joined Gaia as Chief Operating Officer/Deal Principal where he looks to utilise his engineering and private debt skillset to execute transactions and ensure Gaia and its investments adhere to best in class operating practices.

Marthinus Cornelius Stephanus ("Emcee") Nell

Director (Gaia Fibonacci Fibre REIT 1 Ltd)

CA(SA), MCom (Tax)

Emcee qualified as a South African Chartered Accountant at the end of 2013. He completed his accounting articles at KPMG and was seconded for two months during 2014 to St. Louis in the United States of America for a renewable energy audit. After his return to South Africa he consulted to various companies as an Independent Investment Analyst. Emcee has always been an entrepreneur and started various companies during his studies at the University of Pretoria, he sold most of his shares in the companies he invested in during 2015. Emcee joined Fieldstone Private Capital Group in 2015 to gain more experience in the investment banking sector and during the beginning of 2017 he co-founded a venture capital company called Capitis Equities. He also completed his Master of Commerce in Taxation degree during 2017. During the Covid-19 lockdown in 2020 Emcee founded Fibonacci Managers which invests in Fibre Optic infrastructure and later the year he co-founded the Gaia Fibonacci Fibre Fund with Gaia Fund Managers.

DETAILS AND EXPERIENCE OF THE DIRECTORS OF THE REIT (continued)

Yvette Louise Labuschagne

Independent Director (Gaia Fibonacci Fibre REIT 1 Ltd)

BComm (Fin. Mgmt), BCom (Hons) (Inv. Mgmt), EMBA Candidate

Yvette holds a BCom (Hons) Investment Management degree from the University of Johannesburg and is currently an executive MBA candidate at MIP Politecnico di Milano Graduate School of Business. She has more than 15 years' experience in investment banking and has been a JSE Approved Executive since 2010, focusing primarily on structuring and the execution of transactions, as well as equity capital markets (ECM) transactions for listed companies. She has been involved in numerous local and international transactions including capital raisings, listings, disposals, takeovers, mergers and acquisitions. Yvette currently consults independently and has worked in the investment banking teams of various banks, most recently at Renaissance Capital and UBS South Africa.

Riaan van Heerden

Independent Director (Gaia Fibonacci Fibre REIT 1 Ltd)

BAcc (Hons), CA (SA), JSE Approved Executive

Riaan is a chartered accountant and JSE approved executive. Riaan completed his articles at PwC, servicing an array of clients locally and abroad. Riaan joined the corporate finance team at PSG Capital in 2007 and remained with PSG Capital for 15 years. Riaan was a member of the PSG Capital executive committee, a director and head of the valuations team until his departure in 2021. Riaan co-founded Valeo Capital in 2021 with David Tosi.

Riaan has extensive corporate finance experience. During his 15 year tenure at PSG Capital, Riaan advised on numerous listings, M&A transactions, disposal, scheme of arrangements, section 112 transactions, BEE ownership transactions, valuations, fairness opinions, and other corporate transactions in both the listed and unlisted space.

Thabiso Masiela

Independent Director (Gaia Fibonacci Fibre REIT 1 Ltd)

CA(SA), BCom (Hons), Distribution Leadership & Strategy (INSEAD)

Thabiso has over 10 years of management experience in providing strategic direction across different business disciplines in Financial Services. He has spent the last six years at Stanlib in various roles from Head of Strategy and Execution in the Retail Distribution team to Head of Client and Intermediary Services. Prior to that he spent five years at Old Mutual South Africa and a short stint in Nigeria a focussing on Business Strategy and Shared Value Initiatives. Thabiso completed his articles at PWC and fulfilled the role of Corporate Finance Officer (Equity and Interest Rate Markets) at the JSE Stock Exchange. He is currently the Head of Business Strategy and Development at Investec for their retail investment business.

DETAILS AND EXPERIENCE OF THE MANAGEMENT COMPANY

Name:	Gaia Fund Managers (Pty) Ltd
Registration number:	2015/059447/07
Physical address:	4th Floor Sunclare Building 21 Dreyer Street Claremont 7708

Gaia Fund Managers was formed in Cape Town in 2012, and incorporated in 2015, for the purpose of facilitating the investment of long-term investor capital in sustainable infrastructure in Southern Africa.

Gaia Fund Managers is a registered financial services provider (licence number 46028) and is considered a leading specialist secondary market infrastructure transaction team in South Africa. Gaia have concluded multiple fibre network infrastructure, 12 renewable energy and one toll road transaction to a value in excess of R3.6 billion for South African institutional investors.

PROPERTY ENTITY INVESTORS REPORT (continued)

DETAILS AND EXPERIENCE OF THE MANAGEMENT COMPANY (continued)

Gaia Fund Managers is considered a leading specialist secondary market infrastructure transaction team in the Southern African region, having concluded:

- the first significant secondary market transaction in the South African renewable energy programme with Japan's Sumitomo Corporation as the seller;
- delivering the first listed pure play infrastructure company on the Johannesburg Stock Exchange main board through Gaia Infrastructure Capital Ltd; and
- listing of a renewable energy infrastructure focused investment holding company, Gaia Renewables 1 Ltd, on the CTSE (previously the 4AX).

Name:	Fibonacci Managers (Pty) Ltd
Registration number:	2020/444015/07
Physical address:	20 Flaming Rock Crescent Mooikloof Pretoria 0081

Fibonacci Managers co-founded Capitis Equities, a venture capital fund, which has now grown to R500 million in just under 4 (four) years.

Fibonacci Managers boasts experience in the renewable energy project development, fibre network development and operations industries with a specialist focus on tax and value additive business administration functions.

To date, Gaia managed fibre network investments with Fibonacci Managers as Administrators have successfully closed on more than 14 fibre networks with a strong geographical presence in Gauteng and Western Cape.

DETAILS OF THE PROPERTY MANAGER

Name:	Fibre Management Administrative Services (Pty) Ltd ("FMAS")
Registration number:	2021/990713/07
Address:	12 Meson Close Techno Park Stellenbosch 7600

FMAS is a proud all female team, FMAS have a strong history in providing back office services to large family offices, high net worth individuals, businesses and trusts.

Their wide range of services include financial and portfolio reporting, personal administrative services for individuals, trust and company administration, fiduciary services, regulatory compliance and philanthropy services.

Website creation, content writing, website management and an all-inclusive property management service complements their range of services.

FMAS have bolstered their operational experience through a partnership with Averge Technologies to improve on the marketing, portfolio reporting, and integration of ISP active management services.

Averge provides a diversified product offering ranging from Energy, DC Power to Fibre solutions.

The fibre optic division is an industry leader with an end-to-end solution. Averge has developed and supplied a comprehensive range of fibre solutions to blue chip customers, which includes Vodacom, Telkom, Vuma and MTN.

They provide key relationships with fibre network owners ensuring on point product deployment with the support to deliver successful national networks and successful ISP integration and reporting.

PROPERTY ENTITY INVESTORS REPORT (continued)

THE VALUATION COVERAGE: 100.00%

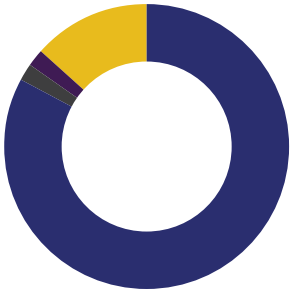
THE DISTRIBUTION POLICY

Dividends will be paid bi-annually and in accordance with REIT requirements and Preference Share Terms.

THE REIT AND ITS FIBRE NETWORK HOLDINGS

Geographic spread

Connectable points – geographic spread



Active points – geographic spread

–	Eastern Cape	–
–	Free State	–
82%	Gauteng	79%
2%	KwaZulu-Natal	2%
–	Limpopo	–
–	Mpumalanga	–
2%	North West	1%
–	Northern Cape	–
13%	Western Cape	18%

Province	Connectable points #	Connectable points %	Active points #	Active points %
Eastern Cape	–	–	–	–
Free State	–	–	–	–
Gauteng	12 431	82%	3 002	79%
KwaZulu-Natal	237	2%	77	2%
Limpopo	38	–	12	–
Mpumalanga	–	–	–	–
North West	356	2%	29	1%
Northern Cape	–	–	–	–
Western Cape	2 009	13%	689	18%
	15 071	100%	3 809	100%

PROPERTY ENTITY INVESTORS REPORT (continued)

THE REIT AND ITS FIBRE NETWORK HOLDINGS (continued)

Sector spread

Connectable points – sector spread

Active points – sector spread

63%	Residential points: SDUs	58%
37%	Residential points: MDUs	42%
–	Business points	–

Sector*	Number of Connectable Points	% of Total Connectable Points	Number of Active Points	% of Total Active Points	% Active Points of Connectable Points
Residential Points: SDUs	9 475	62.87%	2 227	58.47%	23.50%
Residential Points: MDUs	5 596	37.13%	1 582	41.53%	28.27%
Business Points	–	–	–	–	–
	15 071	100.00%	3 809	100.00%	25.27%

Note:
SDU = Single Dwelling Units
MDU = Multi Dwelling Units

Tenant profile in classes together with the definition for each class

A: large national tenants, large listed tenants, government and major franchisees;
B: national tenants, listed tenants, franchisees, medium to large professional firms; and
C: other local tenants and sole proprietors.

The entire tenant profile is classified as "C" comprising of Residential Active Points, which are leased on a month-to-month basis.

Summary lease profile by revenue, term, lettable area, sector and geographic spread

Geographic spread of the portfolio is diversified from a provincial basis and remains focused on key metros in South Africa, namely Johannesburg, Gauteng and Cape Town, Western Cape. This is shown in the data presented in Geographic Spread above. As a function of the portfolio fibre networks as a whole, the portfolio is well balanced in terms of the diversification across MDUs and SDUs, given the unique set of risks and benefits associated with each. Bifurcation on the basis of MDU/SDU is shown above, see Sector Spread.

Rental revenues are largely determined by reference to market rates on similar networks in South Africa. While the company has the ability to set rental rates on their networks, rentals are driven by commercial feasibility and usually fall within a range of rental rates, commensurate with other market players in the industry.

PROPERTY ENTITY INVESTORS REPORT (continued)

THE REIT AND ITS FIBRE NETWORK HOLDINGS (continued)

Escalation profile of leases

All lease packages are subject to annual escalation on the 1st of January with the Consumer Price Index ("CPI") as published by Statistics South Africa from time to time or as determined to be best by the Manager.

Vacancy profile per sector

	Residential points	Business points
Passive points	11 611	–

It is highly unlikely that 100% of the Passive Points will be active at a given point in time in the future.

The portfolio yield

The targeted portfolio yield is CPI +10%.

The distribution yield

Distributions to Preference Share holders is derived from the dividend income from each respective Property Company, taking into account committed expenditure requirements at investment entity level. The dividends are distributed with a 90% cash distribution with 10% being distributed to the Ordinary share holders. The current yields on the A and B Preference Shares are 15.11% and 15.15% respectively.

This is in line with the terms of both the A and B Preference shares holders.

Properties identified for sale within 3 (three) years of the date of the applicable Property Entity Investor's Report

Long-term investment focus. No current sales contemplated.

PROPERTY PORTFOLIO ACTIVITY FOR THE REPORTING PERIOD OR IN THE CASE OF A NEW LISTING, 12 (TWELVE) MONTHS BEFORE THE DATE OF THE LISTINGS PARTICULARS

The current portfolio of assets has generated gross rental revenues from December 2021 until 31 July 2022, of R10 million in the 10-month period. As at 31 July 2022, the company has invested a total of R134 million into fibre networks, maintaining a similar rental generating profile in the newly acquired networks. The company has focused on driving uptake on these networks. The company has pursued organic growth, being the investment into newer networks, as well as acquisitive growth in mature networks.

DETAILS OF OUTSTANDING DEBT INCLUDING DETAILS, SORTED IN APPROPRIATE CATEGORIES OF THE OUTSTANDING TERM, RATE, CURRENCY, AND SECURED OR UNSECURED

No outstanding debt facilities.

PROPERTY SPECIFIC REPORT

MANAGED BY

Gaia Fund Managers (Pty) Ltd FSP: 46028

REPORTING FOR

Gaia Fibonacci Fibre REIT 1 Limited: 31 July 2022

PROPERTY SPECIFIC REPORT

Date of Property Report: 31 July 2022

GENERAL DETAIL OF SITES

GF Property SPV 1 (RF)

Phase 1

Site detail	Province	Acquisition date	Acquisition costs R	Physical inspection date
Cosmo City	Gauteng	31 Jan-22		November 2021
66/67 on High	Gauteng	10 Dec-21		November 2021
66/67 on High	Gauteng	10 Dec-21		November 2021
Alberta	Gauteng	31 Jan-22		November 2021
Alpine Mews	Western Cape	31 Jan-22		November 2021
Amstel Road	Western Cape	31 Jan-22		November 2021
Andrina	North West	10 Dec-21		November 2021
Ascot	Gauteng	10 Dec-21		November 2021
Bergtuin	Gauteng	10 Dec-21		November 2021
Bergtuin	Gauteng	10 Dec-21		November 2021
Brentwood	Gauteng	10 Dec-21		November 2021
Cane Ridge	KwaZulu-Natal	10 Dec-21		November 2021
Cedar Valley	Gauteng	31 Jan-22		November 2021
Clifton Mews	KwaZulu-Natal	31 Jan-22		November 2021
Clover Hill	Gauteng	10 Dec-21		November 2021
Corner Heights	North West	31 Jan-22		November 2021
Cosmo Creek	Gauteng	10 Dec-21		November 2021
Country Side	North West	10 Dec-21		November 2021
Dartford	Gauteng	31 Jan-22		November 2021
Donegia	Gauteng	10 Dec-21		November 2021
Edenburg Terrace	Gauteng	31 Jan-22		November 2021
Erand Creek	Gauteng	31 Jan-22		November 2021
First on Forest	Western Cape	31 Jan-22		November 2021
Fleurhof IHS Complex	Gauteng	31 Jan-22		November 2021
Gold Fields	Gauteng	31 Jan-22		November 2021
Greencourt	Western Cape	10 Dec-21		November 2021
Greenshanks	Gauteng	31 Jan-22		November 2021
Groblersrus	Gauteng	10 Dec-21		November 2021
Jabulani Ekhaya Flats	Gauteng	31 Jan-22		November 2021
Malibu Manor	Gauteng	10 Dec-21		November 2021
Marshall Yards	Gauteng	31 Jan-22		November 2021
Meadow Ridge Mews	Gauteng	31 Jan-22		November 2021
Mintos Ledge	North West	10 Dec-21		November 2021
Montego Bay + LagoonPoint	KwaZulu-Natal	10 Dec-21		November 2021
Montego Bay + LagoonPoint	KwaZulu-Natal	10 Dec-21		November 2021

PROPERTY SPECIFIC REPORT (continued)

GENERAL DETAIL OF SITES (continued)

Site detail	Province	Acquisition date	Acquisition costs R	Physical inspection date
Leano	Gauteng	29 Jul-22		March 2022
Oasis	Gauteng	10 Dec-21		November 2021
Osprey Estate	Gauteng	10 Dec-21		November 2021
Oxford Five One	Gauteng	10 Dec-21		November 2021
Pilgrims Place	North West	31 Jan-22		November 2021
Protea Glen Security Estate	Gauteng	29 Jul-22		March 2022
Riverside Mews	Western Cape	31 Jan-22		November 2021
Sapphire Mews	Western Cape	31 Jan-22		November 2021
Schweizerkon	Gauteng	10 Dec-21		November 2021
Silverleaf	Gauteng	31 Jan-22		November 2021
Sophia Town	Gauteng	10 Dec-21		November 2021
Southwark Mews	Western Cape	31 Jan-22		November 2021
Square on 10th	Western Cape	31 Jan-22		November 2021
Stepney Green	Western Cape	31 Jan-22		November 2021
Stoneleigh	Gauteng	31 Jan-22		November 2021
Sunset Gardens	Gauteng	10 Dec-21		November 2021
The Eden	Western Cape	31 Jan-22		November 2021
The Galleries	Gauteng	10 Dec-21		November 2021
The Monroe	Gauteng	29 Jul-22		March 2022
The Residence	Western Cape	31 Jan-22		November 2021
Tivoli	Gauteng	31 Jan-22		November 2021
The Topaz	Western Cape	29 Jul-22		March 2022
Waverly Ridge	Gauteng	10 Dec-21		November 2021
Whitney Gardens	Gauteng	31 Jan-22		November 2021
Sundown Village	Gauteng	29 Jul-22		March 2022
Silver Lakes	Gauteng	29 Jul-22		March 2022
Constintina	Gauteng	29 Jul-22		March 2022
Total			**R136 184 390**	

Sites were acquired and are valued on a portfolio basis.

PROPERTY SPECIFIC REPORT (continued)

GENERAL DETAIL OF SITES (continued)

GF Property SPV 2 (RF)

Site detail	Province	Acquisition date	Acquisition costs R	Physical inspection date 2022
Wright Park	Gauteng	10 Jun-22		May 2022
Pollak Park	Gauteng	10 Jun-22		May 2022
Malvern East	Gauteng	10 Jun-22		May 2022
Malvern East	Gauteng	10 Jun-22		May 2022
Sharon Park Lifestyle Estate	Gauteng	10 Jun-22		May 2022
New Haven	KwaZulu-Natal	10 Jun-22		May 2022
Mizmor	Limpopo	10 Jun-22		May 2022
Manhattan Park	Gauteng	10 Jun-22		May 2022
Rooseveldt Park	Gauteng	10 Jun-22		May 2022
Prosperity Place	Gauteng	10 Jun-22		May 2022
Total			**R50 653 670**	

Sites were acquired and are valued on a portfolio basis.

PROPERTY SPECIFIC REPORT (continued)

MARKET VALUATION, CLASSIFICATION AND RENTAL DETAIL

GF Property SPV 1 (RF)

Site Detail	Market Value	Date of Valuation	Valuation Metho-dology	Ind. Val./ Nind. Val.	Sector Classi-fication	Number of Lettable Home Passes – SDUs	Number of Lettable Home Passes – MDUs	Targeted Uptake rate after 5 years
Cosmo City					Residential	4 214	–	
66 on High					Residential	–	218	
67 on High					Residential	–	176	
Alberta					Residential	–	48	
Alpine Mews					Residential	–	91	
Amstel Terrace					Residential	–	84	
Adrina					Residential	–	45	
Ascot					Residential	–	202	
Bergtuin					Residential	–	48	
Bergbries Villas					Residential	–	26	
Brentwood Complex					Residential	–	176	
Cane Ridge Mews					Residential	–	19	
Cedar Valley					Residential	–	58	
Clifton Mews					Residential	–	54	
Clover Hill					Residential	–	168	
Corner Heights					Residential	–	131	
Cosmo Creek					Residential	–	870	
Country Side					Residential	–	61	
Dartford					Residential	–	40	
Donegia					Residential	–	56	
Edenburg Terrace					Residential	–	24	
Erand Creek					Residential	–	312	
First on Forest					Residential	–	148	
Fleurhof IHS Complex					Residential	–	162	
Gold Fields					Residential	–	150	
Greencourt					Residential	–	89	
Greenshanks					Residential	–	120	
Groblersrus					Residential	201	–	
Jabulani Ekhaya Flats					Residential	–	244	
Malibu					Residential	100	–	
Marshall Yards					Residential	148	–	
Meadow Ridge Mews					Residential	54	–	
Mintos Ledge					Residential	51	–	
Montego Bay					Residential	54	–	
Lagoon Point					Residential	18	–	
Leano					Residential	67	–	
Oasis					Residential	167	–	
Osprey Estate					Residential	50	–	
Oxford Five One					Residential	36	–	
Pilgrims Place, Rustenburg					Residential	68	–	
Preston					Residential	60	–	
Protea Glen Security Estate					Residential	176	–	
Riverside Mews					Residential	60	–	
Sapphire Mews					Residential	98	–	

PROPERTY SPECIFIC REPORT (continued)

MARKET VALUATION, CLASSIFICATION AND RENTAL DETAIL (continued)

GF Property SPV 1 (RF) (continued)

Site Detail	Market Value	Date of Valuation	Valuation Metho-dology	Ind. Val./ Nind. Val.	Sector Classi-fication	Number of Lettable Home Passes – SDUs	Number of Lettable Home Passes – MDUs	Targeted Uptake rate after 5 years
Schweizerkon					Residential	24	–	
Silverleaf					Residential	76	–	
Sophia Town					Residential	524	–	
Southwark Mews					Residential	86	–	
Square on 10th					Residential	401	–	
Stepney Green					Residential	269	–	
Stoneleigh					Residential	189	–	
Sunset Gardens					Residential	76	–	
The Eden					Residential	–	200	
The Galleries					Residential	–	56	
The Monroe					Residential	–	56	
The Residence					Residential	–	440	
Tivoli					Residential	–	48	
The Topaz					Residential	–	43	
Waverly Ridge					Residential	–	30	
Whitney Gardens					Residential	–	106	
Sundown Village					Residential	153	–	
Silver Lakes					Residential	–	44	
Constintina					Residential	–	88	
GF Property SPV 1 – Total	**R136 184 390**	**31 Jul 22**	**DCF**	**Independent**		**7 420**	**4 931**	**50.00%**

PROPERTY SPECIFIC REPORT (continued)

MARKET VALUATION, CLASSIFICATION AND RENTAL DETAIL (continued)

GF Property SPV 2 (RF)

Site Detail	Market Value	Date of Valuation	Valuation Metho-dology	Ind. Val./ Nind. Val.	Sector Classi-fication	Number of Lettable Home Passes – SDUs	Number of Lettable Home Passes – MDUs	Targeted Uptake rate after 5 years
Wright Park					Residential	590	–	
Pollak Park					Residential	–	364	
Malvern East					Residential	277	–	
Wychwood					Residential	284	–	
Sharon Park Lifestyle Estate					Residential	904	–	
New Haven					Residential	–	92	
Mizmor					Residential	–	38	
Manhattan Park					Residential	–	61	
Rooseveldt Park					Residential	–	60	
Prosperity Place					Residential	–	50	
GF Property SPV 2:	**R50 653 670**	**31 Jul 22**	**DCF**	**Independent**		**2 055**	**665**	**50.00%**

VACANCY RATE 74.73%

Of the 15 071 home passes, 25.27% have active subscriptions. The vacancy rate is thus 74.73%

AVERAGE RENTAL RATE PER ACTIVE HOME PASS R470.18

MATERIAL INFORMATION ON THE PORTFOLIO OF SITES

Assumptions

Portfolio is expected to reduce the vacancy rate from the current 74.7% as at the valuation date to 50% in five years.

The Average Rental rate has been calculated based on the distribution of that which is expected of a Middle to High LSM market.

Any restrictions and/or conditions

None, all applicable wayleaves and Grant of Rights have been procured.

Any statutory or regulatory contraventions

None.

Use of sites

Sites are leased out to Fibre Management Administrative Services. Fibre Management Administrative Services then provides ISPs with access to provide data transmission services over these lines to ensure that end users have internet access at agreed to speeds.

Age of the sites

All sites are less than 1 year old.

PROPERTY SPECIFIC REPORT (continued)

MATERIAL INFORMATION ON THE PORTFOLIO OF SITES (continued)

Options over the sites

There are no rights attached to the sites, a select few sites have a 10 year option on these sites.

These options are at market-related rates.

SOURCE OF INFORMATION USED FOR VALUATION PURPOSES

Valuations are done according to the discounted cash flow method. No additional information is utilised in the valuation of these properties except for the introductory listing IRR.

ANY QUALIFICATIONS IN RESPECT OF THE VALUATION

Future Cash Flows were determined applying an annual growth in uptake up to a maximum of 50% adjusted for CPI.

The market value and valuations as done by GFFR1 falls within the reasonable range of R161 million and R203 million as calculated by the valuer.

EXTERNAL VALUATION

The external valuation of GFFR1's property portfolio has been performed with GFFR1's market value confirmed by Lwazi Goba CA(SA).

Lwazi Goba CA(SA) is an independent valuer.

COMPILATION

Compiled by:

Lwazi Goba CA(SA)

24 November 2022

SHAREHOLDER ANALYSIS

Company: Gaia Fibonacci Fibre REIT 1 Limited
Register date: 31 July 2022

AUTHORISED

- 10 000 class A preference shares (converted from unspecified shares (class A) shares)
- 10 000 class B preference shares (converted from unspecified shares (class B) shares)
- 1 000 000 000 ordinary no par value shares
- 10 000 unspecified shares (class C) shares
- 10 000 unspecified shares (class D) shares
- 10 000 unspecified shares (class E) shares
- 10 000 unspecified shares (class F) shares
- 10 000 unspecified shares (class G) shares
- 10 000 unspecified shares (class H) shares
- 10 000 unspecified shares (class I) shares
- 10 000 unspecified shares (class J) shares

ISSUED

- 9 997 class A preference share(s)
- 2 738 class B preference share(s)
- 100 000 000 ordinary no par value shares

	Shares	Share %
Shareholder spread		
Class A preference shares		
FRB ITF Kruger Ci Prudential Fund	2 765	28%
FRB ITF Kruger Ci Balanced Fund	4 321	43%
FRB ITF Kruger Ci Equity Fund	691	7%
Lourens Pretorius	1 728	17%
Rheas Infras	492	5%
Total	9 997	100%
Class B preference shares		
FRB ITF Kruger Ci Prudential Fund	748	27%
FRB ITF Kruger Ci Balanced Fund	1 165	43%
FRB ITF Kruger Ci Equity Fund	191	7%
Lourens Pretorius	209	7.6%
Mai Capital (Pty) Ltd	235	9%
Rheas Infras	139	5%
Other shareholders	51	1.8%
Total	2 738	100%
Ordinary no par value shares		
Fibonacci Holdings (Pty) Ltd	49 999 999	49.99%
Gaia Fund Managers (Pty) Ltd	50 000 001	50.01%
Total	100 000 000	100%

SHAREHOLDERS' DIARY

Annual Report published on website	Friday, 24 November 2022
Notice of AGM to shareholders	Friday, 17 November 2022
AGM	Thursday, 15 December 2022
Closed period	Friday, 9 December 2022
Interim results published	Not applicable

Dates are subject to change.

NOTICE OF ANNUAL GENERAL MEETING

Gaia FIBONACCI FIBRE REIT 1 LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2021/926046/06)
("**Gaia Fibonacci Fibre REIT 1 Limited**" or "**the Company**")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("**AGM**") of the shareholders ("**Shareholders**") of Gaia Fibonacci Fibre REIT 1 Limited, registration number 2021/926046/06 ("**Gaia Fibonacci Fibre REIT 1 Limited**" or the "**Company**"), will be held and conducted via Zoom (https://us02web.zoom.us/j/87503994465) and at the Gaia offices (Workshop 17 Newlands, 146 Campground Road, Newlands, Cape Town, 7780) on **Thursday, 15 December 2022**, at **10:00**.

RECORD DATES, ATTENDANCE AND VOTING

Record dates

Notice record date

The record date for Shareholders being entitled to receive this notice of AGM is Friday,11 November 2022, being the Notice Record Date.

Voting record date

The record date for participation and voting at the AGM is Friday, 9 December 2022, being the date on which a person must be registered as a Shareholder of the Company in order to be entitled to attend, participate in and vote at the AGM ("**Voting Record Date**"). The last day to trade for Shareholders to be recorded in the register on the voting record date is Friday, 9 December 2022.

ATTENDANCE AND VOTING AT THE AGM

Shareholders may attend the AGM electronically via Zoom and at the Gaia offices (Workshop 17 Newlands, 146 Campground Road, Newlands, Cape Town, 7780) (or, if a company or other body corporate, be represented by a duly authorised natural person) and may speak at, participate in and vote at the AGM.

A Shareholder may appoint a proxy (or two or more proxies, but not in respect of the same voting rights) to attend, participate in and vote at the AGM on the Shareholder's behalf. A proxy need not be a Shareholder of the Company. A Shareholder appoints a proxy by completing the form of proxy attached hereto as **Annexure A** and e-mailing it to the transfer secretaries of the Company, being the Cape Town Stock Exchange ("**CTSE**"), at admin@ctseregistry.co.za, or posting it to the transfer secretaries at Cape Town Stock Exchange, 5th Floor, 68 Albert Road, Woodstock, 7925, to be received by them not later than 10:00 on Wednesday, 14 December 2022 (for administrative purposes only) or 48 hours before the commencement or resumption of the AGM in the event of it being postponed or adjourned. Completion of a form of proxy will not preclude a Shareholder from attending and voting (in preference to that Shareholder's proxy) at the AGM.

Identification

In terms of section 63(1) of the Companies Act, No. 71 of 2008 ("**Companies Act**") before any person may attend or participate in the AGM, that person must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of the person to participate in and vote at the AGM, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include valid identity documents, driver's licences and passports.

Voting

Voting at the AGM will take place by way of polling. Every Shareholder will have one vote for every share in the Company they hold.

Electronic participation

The Board has decided that the AGM will be conducted via Zoom and at the Gaia offices (Workshop 17 Newlands, 146 Campground Road, Newlands, Cape Town, 7780) giving Shareholders the opportunity to attend the AGM and participate online, using a smartphone, tablet or computer.

NOTICE OF ANNUAL GENERAL MEETING (continued)

PURPOSE OF THE AGM

The purpose of the AGM is:

(i) to present the audited annual financial statements of the Company for the financial year ended 31 July 2022, incorporating the Directors' report, the Audit and Risk Committee ("**the Audit Committee**") report, the Auditor's report and the Integrated Annual Report of 2022;

(ii) to consider and, if deemed fit, approve, with or without modification, the ordinary and special resolutions set out in the agenda below; and

(iii) to consider any matters raised by the Shareholders of the Company, with or without advance notice to the Company.

AGENDA OF THE AGM

The quorum requirement for Ordinary Resolution Numbers 1 to 5 (both inclusive) is:

– *The presence of at least one Shareholder and sufficient persons present to exercise, in aggregate, at least 25% of all the voting rights entitled to be exercised on such resolution.*

In order for the Ordinary Resolutions to be adopted, the support of more than 50% of the votes exercised on the resolutions is required.

1. ORDINARY RESOLUTIONS

To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

1.1 Ordinary Resolution Number 1 – Noting of Annual Financial Statements

"Resolved that the Annual Financial Statements of the Company for the year ended 31 July 2022 and the reports of the Directors, the auditor, the Audit Committee and the Integrated Annual Report are hereby noted."

A copy of the complete annual financial statements can be obtained from the Company's registered office as well as on the website of Gaia Fibonacci Fibre REIT 1 Limited at www.gaia.group.

1.2 Ordinary Resolution Number 2 – Re-appointment of auditor

"Resolved that, on the recommendation of the Company's Audit Committee, the firm Moore Stellenbosch Incorporated be re-appointed as independent registered auditor of the Company (noting that Mr Pieter-Louw van der Ahee is the individual registered auditor of that firm who will undertake the audit) until the next AGM of the Company."

The Company's Audit Committee recommended at a Committee meeting on 13 October 2022 that Moore Stellenbosch be re-appointed as the independent registered auditors of the Company.

Reason for Ordinary Resolution Number 2:

The reason for Ordinary Resolution Number 2 is that the Company, being a public company listed on the exchange operated by Cape Town Stock Exchange ("CTSE"), must have its financial results audited and such auditor must be appointed/re-appointed each year at the AGM of the Company as required by the Companies Act.

1.3 Ordinary Resolution Numbers 3.1 to 3.2: Confirmation of re-appointment of Non-Executive Directors

Resolved that the re-appointment of Riaan van Heerden and Yvette Labuschagne as approved by the Board of Directors during the period prior to this meeting be approved by Shareholders.

3.1 Mr Riaan van Heerden; and

3.2 Ms Yvette Labuschagne.

The confirmation of the prior appointment of the Non-Executive Directors will be conducted by way of a separate vote in respect of each individual.

Reason for Ordinary Resolution number 3.1 to 3.2

The reason for Ordinary Resolution Numbers 3.1 to 3.2 is that the Company's MOI, clause 27.3.2.2, states that each elected Director may be eligible for re-election at the end of each term contemplated in clause 27.3.2.1, unless that person is ineligible or disqualified in terms of section 69.

The two Directors up for re-appointment's initial term ended on 25 November 2022.

1. ORDINARY RESOLUTIONS (continued)

1.4 Ordinary Resolution Numbers 4.1 to 4.3 – Confirmation of re-appointment of Audit Committee members

"Resolved that:

4.1 Ms Yvette Labuschagne;

4.2 Mr Thabiso Masiela; and

4.3 Mr Riaan van Heerden

being eligible, be and are hereby appointed as members of the Audit Committee of the Company, as recommended by the Board of Directors of the Company, until the next AGM of the Company."

The Board of Directors of the Company is satisfied that the Company's Audit Committee members are suitably skilled and experienced independent Non-Executive Directors. Collectively they have sufficient qualifications and experience to fulfil their duties, as contemplated in regulation 42 of the regulations issued in terms of the Companies Act ("**Companies Regulations**"). They have a comprehensive understanding of financial reporting, internal financial controls, risk management and governance processes within the Company, as well as International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other regulations and guidelines applicable to the Company and the Group. They keep up to date with developments affecting their required skills-set. The Board of Directors therefore unanimously recommend Ms Yvette Labuschagne, Mr Thabiso Masiela and Mr Riaan van Heerden for election to the Audit Committee. Details of the nominees follow below.

Ms Yvette Labuschagne

(BCom (Fin. Mgmt), BCom (Hons) (Inv. Mgmt), EMBA Candidate)

Yvette holds a BCom (Hons) Investment Management degree from the University of Johannesburg and is currently an executive MBA candidate at MIP Politecnico di Milano Graduate School of Business. She has more than 15 years' experience in investment banking and has been a JSE Approved Executive since 2010, focusing primarily on structuring and the execution of transactions, as well as equity capital markets ("ECM") transactions for listed companies. She has been involved in numerous local and international transactions including capital raisings, listings, disposals, takeovers, mergers and acquisitions. Yvette joined Standard Bank's Investment Banking division in January 2022, and prior to that was a member of the investment banking teams at Renaissance Capital and UBS South Africa.

Mr Thabiso Masiela

CA(SA), BCom (Hons), Distribution Leadership & Strategy (INSEAD)

Thabiso has over 10 years of management experience in providing strategic direction across different business disciplines in Financial Services. He has spent the last six years at Stanlib in various roles from Head of Strategy and Execution in the Retail Distribution team to his current position as Head of Client and Intermediary Services. Prior to that he spent five years at Old Mutual South Africa and a short stint in Nigeria focusing on Business Strategy and Shared Value Initiatives. Thabiso completed his articles at PWC and fulfilled the role of Corporate Finance Officer (Equity and Interest Rate Markets) at the JSE Stock Exchange. He is currently Head of Business Strategy and Development at Investec for their retail investment business.

Mr Riaan van Heerden

(BAcc (Hons), CA(SA), JSE Approved Executive)

Riaan is a chartered accountant and JSE approved executive. Riaan completed his articles at PwC, servicing an array of clients locally and abroad. Riaan joined the corporate finance team at PSG Capital in 2007 and remained with PSG Capital for 15 years. Riaan was a member of the PSG Capital executive committee, a Director and head of the valuations team until his departure in 2021. Riaan co-founded Valeo Capital in 2021 with David Tosi. Riaan has extensive corporate finance experience. During his 15 year tenure at PSG Capital, Riaan advised on numerous listings, M&A transactions, disposal, schemes of arrangement, section 112 transactions, BEE ownership transactions, valuations, fairness opinions, and other corporate transactions in both the listed and unlisted space.

The appointment of the members of the Audit Committee will be conducted by way of a separate vote in respect of each individual.

NOTICE OF ANNUAL GENERAL MEETING (continued)

1. ORDINARY RESOLUTIONS (continued)

1.4 Ordinary Resolution Numbers 4.1 to 4.3 – Confirmation of re-appointment of Audit Committee members (continued)

Reason for Ordinary Resolution Numbers 4.1 to 4.3 (inclusive):

The reason for Ordinary Resolution Numbers 4.1 to 4.3 (inclusive) is that the Company, being a public company listed on CTSE, must appoint an Audit Committee and the Companies Act requires that the members of such Audit Committee be appointed, or re-appointed, as the case may be, at each AGM of a company.

1.5 Ordinary Resolution Number 5 – Authority to the Directors and/or Company Secretary

"Resolved that any of the Directors of the Company and/or the company secretary be and is hereby authorised to do all things, perform all acts and sign all documentation necessary to effect the implementation of the ordinary resolutions adopted at this AGM."

1.6 Ordinary Resolution Number 6 – Waiver of the requirement for the interim financial information of the Company to be reviewed by the Company's reporting accountants

"Resolved in accordance with paragraph 12.17.3 of the CTSE Listing Requirements as a general mandate, Shareholders hereby specifically waive the requirement for the interim financial information of the Company for the six months ended 31 January 2023 to be reviewed by the Company's reporting accountants, it being recorded that the approval by the Board of Directors in respect of the aforementioned interim financial information shall be sufficient."

Reason for Ordinary Resolution Number 6:

In terms of the CTSE Requirements, issuers listed on CTSE are required to have their interim financial information reviewed by their reporting accountants, unless Shareholders specifically waive this requirement through passing an ordinary resolution at the AGM.

1.7 Ordinary Resolution Number 7 – Waiver for Independent Valuer

"Resolved as a general mandate, that Shareholder's hereby specifically waive the requirement for an Independent Valuer to value the portfolio of the fibre network infrastructure as an internal non-independent valuation is preferred."

Reason for Ordinary Resolution Number 7:

In terms of the CTSE Requirements, issuers listed on CTSE are required to have an Independent Valuer value their portfolios, unless Shareholders specifically waive this requirement through passing an ordinary resolution at the AGM.

Report from the Social And Ethics Committee

The Social and Ethics Committee report will be included in the Annual Report for the period under review. The Annual Report will be made available on the Company's website www.gaia.group. This is tabled in terms of regulation 43(5)(c) of the Companies Regulations.

ADDITIONAL INFORMATION

Quorum requirements:

The AGM cannot begin until sufficient persons (being not less than one in number who are entitled) are present at the AGM to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised in respect of at least one matter to be decided at the AGM.

The chairperson of the AGM cannot put a resolution or matter to the vote of Shareholders unless sufficient persons (being not less than one in number who are entitled) are present at the AGM to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised in respect of at least one matter to be decided at the AGM.

NOTICE OF ANNUAL GENERAL MEETING (continued)

ADDITIONAL INFORMATION (continued)

Electronic attendance and participation

Gaia Fibonacci Fibre REIT 1 Limited will conduct the AGM by way of electronic participation via Zoom and at the Gaia offices (Workshop 17 Newlands, 146 Campground Road, Newlands, Cape Town, 7780) as permitted by CTSE and the provisions of the Companies Act and the Company's MOI.

Shareholders will be liable for their own network charges in relation to electronic participation, Gaia Fibonacci Fibre REIT 1 Limited will not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in the AGM.

Notwithstanding the availability of the electronic voting platform, Shareholders may still submit forms of proxy to CTSE by no later than 10:00 on Thursday, 14 December 2022 or the time and date stipulated by CTSE for administrative purposes.

OTHER BUSINESS

To transact such other business as may be transacted at an AGM and/or any matters raised by Shareholders with or without advance notice to the Company.

By order of the Board

The Office in Stellenbosch (Pty) Ltd
Per: Ilzemarie Knoetze
Company Secretary

17 November 2022

12 Meson Close
Techno Park
Stellenbosch
7600

PROXY FORM

Gaia FIBONACCI FIBRE REIT 1 LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2021/926046/06)
("**Gaia Fibonacci Fibre REIT 1 Limited**" or "**the Company**")

FORM OF PROXY

FOR USE BY SHAREHOLDERS WHO CANNOT ATTEND THE AGM OF THE COMPANY BUT WISH TO BE REPRESENTED THEREAT

Where appropriate and applicable, the terms defined in the notice of AGM to which this form of proxy is attached bear the same meanings in this form of proxy.

For use by Shareholders of the Company, registered as such at the close of business on Friday, 9 December 2022, being the voting record date ("**Voting Record Date**"), at the AGM of the Company to be held by electronic communication via Zoom (https://us02web.zoom.us/j/87503994465) and at the Gaia offices (Workshop 17 Newlands, 146 Campground Road, Newlands, Cape Town, 7780) on Thursday, 15 December 2022, at 10:00 (hereinafter referred to as "**AGM**") or any postponement of this meeting.

I/We (FULL NAMES IN BLOCK LETTERS) _____

of (ADDRESS) _____

being the holder/s of _____ ordinary shares in the Company, hereby appoint (see note 1):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairperson of the AGM,

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the AGM and/or at any postponement or adjournment thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the AGM, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner (see note 2):

Insert an "X" or the number of votes exercisable (one vote per share)

Ordinary Resolutions	In favour of	Against	Abstain
1. Noting of Annual Financial Statements			
2. Re-appointment of auditor			
3. Confirmation of re-appointment of Directors			
3.1 Mr Riaan van Heerden			
3.2 Ms Yvette Labuschagne			
4. Appointment of Audit Committee members			
4.1 Ms Yvette Labuschagne			
4.2 Mr Thabiso Masiela			
4.3 Mr Riaan van Heerden			
5. Authority to Directors of the Company to effect implementation of the Ordinary Resolutions			
6. Waiver of the requirement for the interim financial information of the Company to be reviewed by the Company's reporting accountants			
7. Waiver of the requirement for an Independent Valuer to be appointed to review the Company's fibre network infrastructure			

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this _____ day of _____ 2022

Signature of Shareholder/s _____

Assisted by me (where applicable) _____

Notes

1. A Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of the Company.
2. Every Shareholder present electronically in person or by proxy and entitled to vote at the AGM of the Company will, on a poll, be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the Company.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

1. This form of proxy is only to be completed by those Shareholders who cannot attend the AGM of the Company and wish to appoint another person to represent them at the AGM.

2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided overleaf, with or without deleting "*the chairperson of the AGM*", but any such deletion must be initialled by the Shareholder. Should this space/s be left blank, the proxy will be exercised by the chairperson of the AGM.

3. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.

4. A Shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes which that Shareholder wishes to exercise, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she thinks fit in respect of all the Shareholder's exercisable votes. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Shareholder or by his/her proxy.

5. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

6. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the Company, being the Cape Town Stock Exchange by e-mailing it to admin@ctseregistry.co.za or posting it to the transfer secretaries at Cape Town Stock Exchange, 5th Floor, 68 Albert Road, Woodstock, 7925, to be received by them not later than 10:00 on Thursday, 15 September 2022 (for administrative purposes only) or 48 hours before the commencement or resumption of the AGM in the event of it being postponed or adjourned. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

7. The appointment of a proxy in terms of this form of proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a Shareholder may revoke the proxy appointment by
   i. cancelling it in writing, or making a later inconsistent appointment of a proxy; and
   ii. delivering a copy of the revocation instrument to the proxy and to the Company.

   The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.

8. A proxy appointment will remain valid until the end of the AGM (or any postponement or adjournment thereof).

9. A proxy may not delegate his authority in terms of this form of proxy to any other person.

10. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

11. The chairperson of the AGM may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a Shareholder wishes to vote.

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
YL Labuschagne
T Masiela
MM Nieuwoudt
MCS Nell
D Kennon
CP van Heerden

Shareholders
Gaia Fund Managers Proprietary Limited
Fibonacci Holdings Proprietary Limited

Registered office
12 Meson Close
Techno Park
Stellenbosch
7600

Business address
12 Meson Close
Techno Park
Stellenbosch
7600

Postal address
PO Box 12700
Die Boord
Stellenbosch
7613

Bankers
Investec Ltd

Tax number
9490289205

Level of assurance
These financial statements have been audited in compliance with the applicable requirements of the South African Companies Act 71 of 2008.

Auditors
Moore Stellenbosch Inc
24 Techno Avenue
Techno Park
Stellenbosch
7600

Company Secretary
Ilzemarie Knoetze (The Office in Stellenbosch Proprietary Limited)
12 Meson Close
Techno Park
Stellenbosch
7600

Preparer
Eldine Malan CA(SA)
The Office Review Services Proprietary Limited
12 Meson Close
Techno Park
Stellenbosch
7600

Legal advisors
Edward Nathan Sonnenbergs Incorporated