



**Reviewed Provisional
Financial Results**

for the year ended 28 February 2018
and cash dividend declaration

Your Investment Partner



Salient features

Tangible NAV* per share at R10.53 pre-final dividend distribution

Gross assets under management growth from R503.9 million to R763.7 million

Maintenance of an inflationary increase in dividends to shareholders with a final cash dividend declaration of 42.0 cents per share

Headline earnings per share up 19.5% to 78.4 cents per share

Total revenue up 15.5% to R62.0 million

Net cash of R26.7 million

Successful transition from SPAC** to a fully fledged investment holding company

Second investment concluded in the year under review

Strong pipeline of investment opportunities yielding above target investment return

* Net asset value.

** Special purpose acquisition company.

Directors' report

FINANCIAL COMMENTARY

Effective December 2016, GAIA transitioned to a fully fledged investment holding company compared to the 12 months to 28 February 2017 of the Company trading largely as a SPAC. The Dorper Wind Farm which was acquired on 20 December 2016 performed to the satisfaction of the Company with the highlight for the year under review being the acquisition of an effective see-through economic interest of 20% in the Noblesfontein Wind Farm on 19 September 2017 for R188 million ("the Noblesfontein Transaction").

Revenue increased to R62.0 million (2017: R53.6 million) for the year under review, comprised of dividend and interest income generated from the investments in Dorper and Noblesfontein, as well as favourable fair value gains from the Noblesfontein Transaction. GAIA received dividend income of R60.0 million (2017: R15.6 million) from GAIA Financial Services (RF) Proprietary Limited ("GAIA Financial Services") which in turn received income from the Company's underlying investments in Dorper and Noblesfontein. Income received from Noblesfontein was included for only five months of the year. The 2019 financial year will enjoy the benefits of a full year of dividend income from the Noblesfontein Transaction. The Company earned interest income of R4.3 million over the reporting period (2017: R33.0 million) mainly from the Coronation Money Market Fund. The reduction from the prior year was as a result of the funds being deployed on operating expenses including transaction costs on the Noblesfontein Transaction.

The expense to revenue ratio increased as GAIA increased its capacity to enable it to absorb the growth expected from operating as an investment holding company with operating expenses increasing to R18.5 million (2017: R8.8 million). Operating expenses included acquisition costs incurred for the Noblesfontein Transaction and other transactional costs related to the sourcing of investment opportunities in accordance with the shareholder-approved Investment Policy.

Expenses by function

Function	FY2018		FY2017	
	Opex* (Rm)	% AUM**	Opex* (Rm)	% AUM**
Corporate governance	6.1	0.8	3.3	0.7
Investment management	4.8	0.6	3.4	0.7
Capital raising	2.4	0.3	1.5	0.3
Deal pipeline sourcing	3.1	0.4	0.1	0.0
Other	2.1	0.3	0.5	0.1
	18.5	2.4	8.8	1.8

* Operating expenditure.

** Assets under management.

Assets under management (Rm)	2018	2017
Noblesfontein – SARGE	88.7	–
Noblesfontein – GAIA SPV	169.2	–
Dorper – GAIA RE 1	505.8	503.9
	763.7	503.9

Directors' report (continued)

ASSETS UNDER MANAGEMENT COMMENTARY

On 19 September 2017, GAIA notified shareholders of the successful conclusion of the Noblesfontein Transaction through GAIA Financial Services acquiring C Preference Shares in GAIA SPV (RF) Proprietary Limited ("GAIA SPV") for an aggregate subscription price of R130 million and, as a result, acquiring an effective economic interest of 13.0% in the combined distributions linked to the ordinary shares and shareholder loan claims against Coria (PKF) Investments 28 (RF) (Pty) Limited ("Noblesfontein Wind Farm"). In addition, GAIA Financial Services acquired a further effective economic interest of 7.03% of the distributions linked to the ordinary shares in the Noblesfontein Wind Farm through a subscription of A Preference Shares and B Preference Shares in South African Renewable Green Energy (Pty) Limited ("SARGE") for an aggregate subscription price of R57 million.

GAIA Financial Services obtained funding to facilitate, *inter alia*, its subscription for the GAIA SPV C Preference Shares; and subscription for the SARGE Preference Shares by way of the issue, by it, of A Preference Shares and B Preference Shares to Rand Merchant Bank Investments and Advisory Proprietary Limited for an aggregate subscription price of approximately R188 million in terms of the GAIA Financial Services Preference Share Subscription Agreement.

Noblesfontein Wind Farm is a Round 1 Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP") wind project comprising c.73.8 MW of electricity generation capacity and located between the towns of Three Sisters and Victoria West in the Northern Cape of South Africa. The wind farm achieved commercial operation date on 12 July 2014.

Dorper's asset performance has been consistent with the forecast figures on total electricity production for the period under review. The average actual capacity factor was also consistent with average forecast capacity factor at 33%.

GAIA has adopted an accounting policy of measuring its investments at fair value through profit or loss with fair value movements on its assets under management recognised in the Statement of Profit or Loss. However, the R501 million investment in the Dorper Wind Farm was through an acquisition of a 34.9% equity stake in GAIA RE 1 Proprietary Limited for R265 million and a convertible loan of R235 million. The convertible loan may be settled either through the acquisition of (i) minority interest in three (3) additional renewable solar energy assets and fulfilment of all applicable conditions precedents, or (ii) additional equity exposure to the Dorper Wind Farm. The Company has recognised the R235 million convertible loan at amortised cost with the fair value movement on the investment to be recognised on conversion of the convertible loan into equity interest(s).

DIVIDEND DISTRIBUTION

The cash flows of GAIA's underlying assets are typically of a predictable nature, resulting in an inflation-linked dividend growth investment case. GAIA (Tax reference number: 9473/844/17/4) paid its interim cash dividend of R13.7 million (24.84 cents per share) for the six months ended 31 August 2017, paid in November 2017.

Notice is hereby given that the board of directors ("the Board") have declared a final gross cash dividend of 42.0 cents (33.6 cents net of dividend withholding tax) per ordinary share for the period ended 28 February 2018. The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt from or do not qualify for a reduced rate of dividend withholding tax.

This brings the total dividend for the 2018 financial year to 66.84 cents per share, which is 5.3% more than the comparable dividend for the 2017 financial year. The Board previously announced its intention to increase the dividend annually by the rate of inflation.

The issued share capital at the declaration date is 55 151 000 ordinary shares.

The salient dates for the dividend will be as follows:

	2018
Last day of trade to receive a dividend	Tuesday, 3 July
Shares commence trading "ex" dividend	Wednesday, 4 July
Record date	Friday, 6 July
Payment date	Monday, 9 July

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 July 2018 and Friday, 6 July 2018, both days inclusive.

This final cash dividend amounting to R23.2 million has not been recognised as a liability in these reviewed condensed financial statements.

OUTLOOK

GAIA's primary focus, the secondary market in infrastructure equity, continues to present significant opportunities which are not dependent on whether new infrastructure projects are continually developed. The Company's investment case was buoyed by Government's renewed commitment to facilitate private sector investment into the selected infrastructure sectors in which GAIA invests, being energy, water and sanitation, and transportation infrastructure.

GAIA focuses on core infrastructure assets for which the cash flows can be forecast with a low margin of error. These are assets that are mature beyond their demand ramp-up phase, functioning in established and transparent regulatory environments, serving demographically and economically sound service areas and have minimal obsolescence or technology risks.

GAIA has a diversified pipeline of approximately R1.7 billion of exclusive investment opportunities for which it requires equity funding to execute. The Company continues to engage with the equity capital markets to raise funding to enable execution of these value-accretive investments in accordance with the Company's Investment Policy for the benefit of its stakeholders. The investment pipeline yields are above target investment return of CPI +6% (gross of fees) on a blended basis.

CHANGES TO THE BOARD

In accordance with paragraph 3.59(a) of the JSE Limited Listings Requirements, shareholders are advised that Ms Tamee Soudien-Witten resigned as Finance Director and as an Executive Director of the Board, with effect from 9 February 2018. The Chief Executive Officer, Ms Prudence Lebina, fulfils the duties and responsibilities of Finance Director whilst the Board is in the process of identifying a suitable successor to fill the position of Finance Director.

Condensed Statement of Financial Position

as at 28 February 2018

	Reviewed 2018 R'000	Audited 2017 R'000
Total assets	586 718	588 436
Non-current assets	506 286	503 680
Current assets	80 432	84 756
Cash and cash equivalents	26 729	84 756
Trade and other receivables	53 703	–
Total equity and liabilities	586 718	588 436
Share capital	545 852	545 852
Retained income	34 728	40 234
Total liabilities	6 138	2 351
Shares in issue	55 151	55 151
Net asset value per share (Rand)	10.53	10.63

Condensed Statement of Comprehensive Income

for the year ended 28 February 2018

	Reviewed 2018 R'000	Audited 2017 R'000
Total revenue	62 019	53 685
Interest income	4 284	33 040
Dividend income	60 330	15 563
Net fair value gain/(loss)	(2 596)	5 083
Total operating expenses	(18 456)	(8 799)
Finance costs	[2]	[5]
Taxation	[346]	[8 706]
Net profit for the year	43 215	36 175
Basic earnings per share (cents)	78.36	65.59
Headline earnings per share (cents)	78.36	65.59

Condensed Statement of Changes in Equity

for the year ended 28 February 2018

	Share capital R'000	Retained income R'000	Total equity R'000
Balance at 1 March 2016 – Audited	545 852	4 059	549 910
Net profit for the year	–	36 175	36 175
Balance at 1 March 2017 – Audited	545 852	40 234	586 086
Net profit for the year	–	43 215	43 215
Dividends paid	–	(48 720)	(48 720)
Balance at 28 February 2018 – Reviewed	545 852	34 728	580 580

Condensed Statement of Cash Flows

for the year ended 28 February 2018

	Reviewed 2018 R'000	Audited 2017 R'000
Cash flows from operating activities		
Cash (used in)/generated from operations	(3 079)	39 625
Finance costs	(2)	(5)
Dividends paid	(48 720)	–
Tax paid	(1 067)	(7 069)
Net cash (used in)/generated from operating activities	(52 869)	32 551
Cash flows from investing activities		
Purchase of property, plant and equipment	(454)	–
Investment in financial asset	(4 705)	(501 000)
Net cash (used in) investing activities	(5 159)	(501 000)
Cash flows from financing activities		
Repayment of related-party loan	–	(587)
Net cash from financing activities	–	(587)
Total cash movement for the year	(58 027)	(469 036)
Cash at the beginning of the year	84 756	553 792
Total cash at end of the year	26 729	84 756

Notes to the Condensed Financial Statements

for the year ended 28 February 2018

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed provisional financial results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and interpretations of IFRS, as issued by the International Accounting Standard Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited Listings Requirements, and the requirements of the South African Companies Act, 71 of 2008, and the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*.

The provisional financial results have been prepared on the historic cost basis except that financial assets and liabilities at fair value through profit and loss are stated at their fair value. The results are presented in Rand, which is the Company's functional and presentation currency.

Accounting policies

The accounting policies applied in the preparation of the annual financial statements from which the provisional financial statements were derived are in terms of IFRS and are consistent with the previous annual financial statements.

2. PREPARATION

The condensed provisional financial results have been prepared internally under the supervision of the Chief Executive Officer, P Lebina CA(SA), and approved by the Board.

The condensed provisional financial results were reviewed by the Company's external auditor, Deloitte & Touche. A copy of their unmodified review conclusion is available from the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the external auditor. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that in order to get a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

3. SHARE CAPITAL

Authorised

6 000 000 000 ordinary no par value shares.

	2018 R'000	2017 R'000
Issued and fully paid 55 151 000 no par value shares, net of share issue cost	545 852	545 852

4. EARNINGS PER SHARE

In the year under review, earnings per share increased 19.5% to 78.4 cents per share compared to 65.6 cents per share in 2017. There were no potential dilutive shares in issue, or headline adjustments required, therefore diluted earnings per share and headline earnings per share were in line with basic earnings per share.

On behalf of the Board

KP Lebina

Chief Executive Officer

15 June 2018

Johannesburg

General information

Country of incorporation and domicile

South Africa

Directors

KP Lebina (Chief Executive Officer and Interim Financial Director)

MMN Nieuwoudt (Chief Investment Officer)

KE Mbalo* (Chairman)

S Tuku*

L Mondli*

N Kimber*

T Bukula*

L de Wit

C Ferreira

B Schabort

** Independent Non-Executive*

Registered office

37 Vineyard Road
Claremont
Western Cape, 7708

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

Bankers

FirstRand Bank Limited

Auditors

Deloitte & Touche

Transfer secretaries

Computershare Investor Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue, Rosebank
Johannesburg, 2196

Company secretary

Fusion Corporate Secretarial Services (Pty) Limited
Unit 7, Block C
Southdowns Office Park
Karee Street, Irene
Pretoria, 0169

Company registration number

2015/115237/06

Tax reference number

9473/844/17/4

Preparer

The financial statements where compiled under Prudence Lebina's supervision.

