

**FINANCIAL REVIEW**

During the period, Greystone enhanced its net asset value, by 6.5%. Total assets increased to E391.7 from E332.8 million mainly as a result of the increase in the value of Greystone's underlying equity investments of E88.0 million. Greystone raised a total of E 35 million in debt during the financial year to fund a portion of the E 69 million of equity acquisitions made in the 2019 financial year. This is the first time that Greystone has raised external debt to fund acquisitions however, the Company remains conservatively leveraged with a Debt to Equity ratio of 11.4%.

Total Comprehensive Income or the year increased to E21.4 million (2018: E10.7 million) mainly due to the revaluation of the underlying investments by E19.0 million (2018: -E8.7 million). Greystone's total investment income of E14.9 million (2018: E28.0 million) comprised of dividend income of E11.0 million (2018: E21.8 million) and interest income of E3.8 million (2018: E6.2 million).

Dividend comprises of dividend received from Swaziland Royal Insurance Corporation ("SRIC") of E9.2 million, SBC Limited of E1.8 million, Orchard of E80,625.

Operating expenses amounted to E11.8 million (2018: E9.5 million) and comprise of day-to-day operational expenses incurred to run Greystone, audit fees, the Managers management fee and transaction costs to conclude the acquisition of the equity investments.

**INVESTMENT REVIEW**

During the current year Greystone invested E69 million in various equity investments Greystone acquired 54.5% of Alliance Foods (Pty) Limited, 8.7% of General Africa Foods and 9.4% of Promco (Pty) Limited.

KPMG was again engaged to perform the independent valuation of Greystone's unlisted investments. KPMG applied the market multiple methodologies in valuing SRIC's and Orchard Insurance Limited ("Orchard"). For SRIC's short term insurance business and Orchard, the price earnings multiple was the primary methodology. The methodology in undertaking the valuation of the long term insurance business of SRIC has been the market multiple methodologies using the embedded value.

For Ngwane Mills (Pty) Limited and Lojaf (Pty) Limited, Alliance Foods (Pty) Limited and General Africa Foods Eswatini (Pty) Limited the primary valuation technique applied by KPMG was the discounted cash flow methodology. In addition, as a reasonableness test, KPMG used the capitalisation of maintainable earnings methodology, using the EV/EBITDA multiple of comparable companies.

The respective applied multiples and the discounts to the observed peers is as follows:

Investment	Multiple Applied / Discount Rate	Observed Peer Multiple	Discount to Peer Multiple
SRIC - Short Term	8.7	11.3	-23.3%
SRIC - Long Term	0.7	1.	-23.5%
Orchard	7.2	11.3	-36.2%
Ngwane Mills (Pty) Limited	17.5%		
Lojaf (Pty) Limited	16.0%		
General Africa Foods (Pty) Limited	23.6%		
Alliance Foods (Pty) Limited	16.9%		

The investment portfolio ("Investment") comprises of Eswatini Royal Insurance Company E95.2 million (2018: E96.2 million), SBC Limited E47.4 million (2018: E46.8 million), Orchard Insurance Limited E2.9 million (2018: E2.0 million), Swaziswa Holdings ("Swaziswa") E0.02 million (2018: E0.02 million), Lojaf E82.8 million (2018: E71.6 million), Ngwane Mills E37.4 million (2018: E35.4 million), Alliance Foods (Pty) Limited E 49.9 million, General Africa Foods Eswatini (Pty) Limited E 21.7 million and Promco (Pty) Limited E 2.9 million.

The table below summarise the internal rate of returns for each of the investment in the reporting period.

Investments	Realised / Unrealised	Internal Rate of Return	Times Money Multiple	Holding Period
SBC Limited	Unrealised	17,8%	3,9x	7,9 years
Swaziland Royal Insurance Corporation	Unrealised	43,3%	6,1x	7,1 years
Swazi Mahewu (Pty) Ltd	Realised	8,9%	2,3x	1,2 years
Orchard Insurance Limited	Unrealised	39,9%	8,6x	8,3 years
Swaziswa Holdings	Unrealised	-4,1%	0,7x	8,4 years
Lojaf (Pty) Ltd	Unrealised	29,6%	2,0x	2,8 years
Ngwane Mills (Pty) Ltd	Unrealised	5,2%	1,0x	3,8 years
Alliance Foods (Pty) Limited	Unrealised	14,3%	1,1x	0,8 years
General Africa Foods (Pty) Limited	Unrealised	11,2%	1,1x	0,8 years
Promco (Pty) Limited	Unrealised	-31,7%	0,9x	0,2 years

**OUTLOOK**

The 2019 calendar year has been a year of further investment and growth with each of the underlying investments fairly reasonably well considering the low economic growth environment. Greystone looks forward to a productive 2020 in which it is well placed to conclude on further transactions as well as follow on investments in its underlying portfolio companies.

**POST BALANCE SHEET**

There are no post balance sheet events to report.

**FINANCIAL STATEMENTS**

The financial statements for the 12 months ended 30 September 2019 have been audited by PricewaterhouseCoopers.

**ANNUAL GENERAL MEETING**

The annual general meeting of the shareholders of Greystone Partners Limited will be held on or before 31 March 2020. Adequate notice will be given to all shareholders prior to the meeting.

**CORPORATE GOVERNANCE**

The directors and management of Greystone Partners Limited confirm their commitment to the principles of openness, integrity and accountability as advocated by sound principles of Corporate Governance contained in the King Reports.

By order of the Board

**Mduduzi Dlamini**

**HIGHLIGHTS**

**Nav per share**  
**E2.48**

**Nav per share up**  
**↑ 6.5%**

**Investments valued at**  
**E340.3 m**

**E 69 m invested in**  
**2019**

Figures in Emalangeneni

	Unaudited for the year ending 30 September 2019	Audited for the year ending 30 September 2018
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Interest Income	3 843 263	6,246,534
Dividends received	11 067 036	21,833,645
Operating expenses	(11 858 368)	(9,493,906)
<b>Operating profit / (loss)</b>	<b>3 051 931</b>	<b>18,586,273</b>
Unrealised gain/(loss) on revaluation of investments	19 019 795	(8,783,607)
<b>Finance costs</b>	<b>(2 427 397)</b>	<b>9,802,666</b>
Profit / (loss) before taxation	19 644 329	893,027
Income tax credit	1 757 138	10,695,693
<b>Total Comprehensive profit / (loss)</b>	<b>21 401 467</b>	<b>10,695,693</b>

	Unaudited for the year ending 30 September 2019	Audited for the year ending 30 September 2018
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investments at fair value through profit or loss: Fair value through profit or loss:	340 365 000	252 318 120
Deferred tax asset	5 340 443	6 271 069
Tax receivables	2 878 518	190 753
	<b>348 583 961</b>	<b>258 779 942</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4 311	40 410 119
Current tax receivable	-	-
Cash and cash equivalents	43 117 485	33 611 934
	<b>43 121 796</b>	<b>74 022 053</b>
<b>TOTAL ASSETS</b>	<b>391 705 757</b>	<b>332 801 995</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1 418 365	1 418 365
Share premium	179 672 455	179 672 455
Retained profit	170 535 253	149 133 786
<b>TOTAL EQUITY</b>	<b>351 626 073</b>	<b>330 224 606</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2 652 430	2 577 389
Other financial liabilities	37 427 397	-
<b>TOTAL LIABILITIES</b>	<b>40 079 827</b>	<b>2 577 389</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>391 705 900</b>	<b>332 801 995</b>

	Unaudited for the year ending 30 September 2019	Audited for the year ending 30 September 2018
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>		
<b>SHARE CAPITAL</b>	<b>1 418 365</b>	<b>1 418 365</b>
<b>SHARE PREMIUM</b>	<b>179 672 455</b>	<b>179 672 455</b>
<b>RETAINED INCOME</b>	<b>170 535 253</b>	<b>149 133 786</b>
Balance at the beginning of the period	149 133 786	144 116 606
Dividends paid	-	(5 673 458)
Profit for the year	21 401 467	10 690 638
<b>TOTAL EQUITY</b>	<b>351 626 073</b>	<b>330 224 606</b>

	Unaudited for the year ending 30 September 2019	Audited for the year ending 30 September 2018
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in operations	(11 787 781)	(23 618 141)
Interest received	3 843 120	6 246 655
Dividend income	11 067 036	21 833 645
Income tax paid	-	-
<b>NET CASH GENERATED FROM ACTIVITIES</b>	<b>3 122 375</b>	<b>4 462 159</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(69 027 086)	-
Proceeds from investment	40 410 119	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(28 616 967)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from other financial liabilities	35 000 000	-
Dividends paid	-	(5 673 458)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>35 000 000</b>	<b>(5 673 458)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>9 505 408</b>	<b>(1 211 299)</b>
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>33 611 934</b>	<b>34 823 233</b>
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>43 117 342</b>	<b>33 611 934</b>

Figures in Emalangeneni

	Unaudited for the year ending 30 September 2019	Audited for the year ending 30 September 2018
<b>NOTES</b>		
<b>1. STATEMENT OF COMPLIANCE</b>		
The financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies' Act 2009.		
The financial results presented have been reviewed by the auditor of Greystone Partners Limited (the Company), but not audited.		
<b>2. HEADLINE EARNINGS</b>		
<b>2.1 EARNINGS PER SHARE</b>		
Basic and diluted earnings per share	0,15	0,08
<b>2.2. NUMBER OF ORDINARY SHARES OF E0.01 EACH IN ISSUE</b>		
Actual	141 836 461	141 836 461
Weighted average	141 836 461	141 836 461
<b>3. INVESTMENTS</b>		
Listed	47 473 000	46 887 120
Unlisted	292 892 000	205 431 000
	<b>340 365 000</b>	<b>252 318 120</b>
<b>4. LOANS AND RECEIVABLES</b>		
Investment in promissory notes	-	40 410 119
<b>5. RELATED PARTY TRANSACTIONS</b>		
Management and performance fees	8 733 784	40 410 119
Interest income	530 307	1,315,839
Interest paid	(2 427 397)	-
Dividend income	-	19 075 000

All related party transactions are made at terms equivalent to those prevailing in arm's length transactions. There have been no guarantee provided or received for any related party receivables or payables. The company has not recorded any impairment of receivables relating to amounts owed by or investments in related parties during the period.

**6. CASH USED IN OPERATIONS**

Profit before tax	19 644 329	9 795 693
<b>Adjustments for:</b>		
Dividend income	(11 067 036)	(21 833 645)
Interest income	(3 843 120)	(6 246 655)
Withholding tax on interest income	-	-
Finance costs	2 427 397	-
Change in fair value of investments through profit or loss	(19 019 795)	8 783 607
Increase in other receivables	(4 311)	(1 893 625)
Increase/(decrease) in trade and other payables	74 898	(12 223 516)
	<b>(11 787 638)</b>	<b>(23 618 141)</b>

**COMMENTARY**

**INTRODUCTION**

Greystone continues to offer shareholders long-term capital appreciation by making commitments and investments into predominantly unlisted investments that are managed by African Alliance Eswatini Limited ("African Alliance" or the "Manager").

Key highlights for the period ending 30 September 2019 have been:

- Greystone's reported Net Asset Value ("NAV") per share at 30 September 2019 is E2.48, which represents growth of 6.5% on the 30 September 2018 NAV per share of E2.33.
- A two-year compound annual growth rate for the reported NAV to 30 September 2019 of 14.7% per annum.
- The investment portfolio has increased in value at the reporting date to E340.3 million, up from E252.3 million at 30 September 2018.
- E69 million worth of investments have been invested by Greystone in the 2019 financial year.

The growth in the Company's NAV is the key performance measure for the Board of Directors. The growth in the NAV per share, when compared to the more recent reporting periods is as follows:

Reporting Date	Net Asset Value	Observed Peer Multiple	Discount to Peer Multiple
30 September 2019	2.48	12 months	6.5%
30 September 2018	2.33	12 months	1.5%
30 September 2017	2.29	12 months	31.7%