

GRIT REAL ESTATE INCOME GROUP LIMITED

(Registered in Guernsey)

(Registration number: 68739)

LSE share code: GR1T

SEM share codes (dual currency trading): DEL.N0000 (USD) / DEL.C0000 (MUR)

ISIN: GG00BMDHST63

LEI: 21380084LCGHJRS8CN05

("Grit" or the "Company" or the "Group")

AGM BUSINESS UPDATE

Grit Real Estate Income Group Limited, a leading Pan-African real estate company focused on investing in, developing and actively managing a diversified portfolio of assets underpinned by predominantly US Dollar and Euro denominated long-term leases with high quality multi-national tenants, is pleased to provide the following business update on the Group's strategic initiatives ahead of its Annual General Meeting ("AGM").

The AGM will be held at Unity Building, The Precinct, M2 Junction, Grand Baie, Mauritius at 14h30 Mauritian time (10h30 United Kingdom time) today.

GREA capital raise and GEPF investment

The Group's development subsidiary, Gateway Real Estate Africa ("GREA"), successfully concluded its US\$100 million recapitalisation, with the Public Investment Corporation of South Africa SOC Limited ("PIC"), as previously announced, on behalf of the Government Employees Pension Fund ("GEPF"), injecting US\$48.5 million in equity.

The effective draw-down date of the recapitalisation was on 27 November 2024.

This investment followed regulatory approval from the South African Reserve Bank ("SARB"), which requires GREA to redomicile to Kenya. The redomiciliation is underway and is expected to be finalised early in the 2025 calendar year.

The proceeds of this recapitalisation will reduce GREA's cost of debt and finance higher-yielding development projects aligned with Grit's strategic focus by:

- i. Advancing Grit's simplified 2.0 structure.
- ii. Aggregating sector-focused portfolios in light industrial, data centres, logistics and warehousing, diplomatic and corporate accommodation, healthcare, and commercial office parks focused on hard-currency leases and predominantly global or multinational tenants that provide significant employment opportunities on the continent.
- iii. Reduced cost of funding.
- iv. Disposal of non-core assets.
- v. Pioneering impact and sustainable real estate investments across Africa.

GREA earmarked as GEPF's strategic platform for its rest-of-Africa investments and appointment of GEPF representative to GREA's board of directors

The GEPF has furthermore recognised GREA's consistent performance in delivering value to its shareholders, viewing it as a strategic vehicle for its real estate investments across the rest of Africa, with a continued commitment to this partnership.

Consequently, the Board is pleased to announce that Mr Zethu Msindo was appointed as a representative of the GEPF to the board of GREA with effect from 12 November 2024.

Landmark strategic partnership with Broll Property Group

In line with the Grit 2.0 strategy, the Group has entered a strategic partnership with Broll Property Group, who will assume responsibility for the property and facilities management of Grit's assets valued at approximately US\$812 million.

This partnership is expected to deliver annual cost savings of approximately US\$1 million and streamline operational efficiencies, enabling the Group to focus on its core expertise in impact real estate development and strategic asset management, retaining key tenant relationships.

The effective date of this partnership will be 1 February 2025, preceded by a seamless transition phase to ensure uninterrupted operations.

Diplomatic Housing Africa

As disclosed in the full year consolidated results for the year ended 30 June 2024, published on RNS and the website of the Stock Exchange of Mauritius Ltd on 31 October 2024, Diplomatic Holdings Africa Ltd ("DH Africa") and Verdant Ventures and Verdant Property Holdings Ltd (together "Verdant") entered into a Framework Agreement to combine their diplomatic housing businesses into a single, scalable entity, DH Africa.

The combined entity will provide a much larger, scaled specialist platform, to better service Diplomatic clients including the US Government with Verdant Ventures as well as other Sovereign clients and further simplifies the Group's structure.

The transaction is expected to conclude either in December 2024 or early in the first quarter of the 2025 calendar year and will strengthen Grit's exposure to high-yielding, resilient real estate assets while enabling development fee capture and asset management income streams.

Additionally, the Acacia Transaction has been completed, in line with no material changes to the information provided to shareholders in the Circular released 29 January 2024, subsequently GREA's 95% interest in Acacia was transferred to DH Africa.

Drive In Trading Related Party Transaction

The Company has concluded the transaction agreements to term out the Drive in Trading ("DiT") obligation over 3 years, as detailed in Note 41 of the FY2024 Integrated Report.

In summary, the Company and the PIC each took ownership of their proportionate share of DiT's 23.25 million Grit Ordinary Shares (Security Shares) with the Guarantee Agreement to be discharged upon a payment of US\$17.5 million by the Company to the GEPF/PIC. Terms have been agreed with the PIC for the payment of this outstanding balance, which has been termed out to a 3-year maturity at an interest rate of 3M SOFR plus a spread of 5.28%. The PIC is a shareholder of reference by virtue of their 23.6% shareholding in the Company and the conversion of this payment to a loan is therefore a related party transaction as defined in UKLR 8.2.1R. The Board extensively reviewed the transaction at the time and believe it to be fair and reasonable as far as the security holders of the Company are concerned. The Directors were also advised of the fair and reasonable assessment by the Group's sponsor, Cavendish Capital Markets Limited, who provided written confirmation as required by UKLR 8.2.1R(3).

Recognition for excellence

Grit was named Africa's best real estate investment manager at the prestigious Euromoney Real Estate Awards 2024, with Euromoney citing the Group's diverse portfolio, high occupancy and strong financial discipline as key growth drivers.

Other key differentiators that motivated the award include Grit's industry leading sustainability and gender equality initiatives, alongside its strategic asset management activities.

Strategic priorities

As the Group continues to deliver on its strategic agenda, its key priorities remain:

- Optimising capital allocation: Grit remains focused on divesting non-core assets and recycling the proceeds into debt reduction and investments in higher-yielding core assets, ensuring sustainable long-term growth;
- Strengthening financial metrics: Reducing LTV ratios and enhancing Interest Coverage Ratios (ICR) to support negotiations for lower funding costs, improving overall financial resilience;
- Streamlining operations: Consolidating assets into sector-specific substructures, enabling focused management, attracting co-investment, and driving funding efficiencies; and
- Enhancing operational efficiency: Grit remains committed to realigning operations through strategic outsourcing and leveraging technology. These initiatives aim to achieve targeted cost reductions in line with the Group's stated objective to reduce ongoing administrative costs as a percentage of total income-producing assets to a ratio of 1.0% in the medium term.

These strategic priorities position the Group to achieve a more robust financial and operational framework in support of its long-term objectives.

Conclusion

The Group remains firmly focused on executing its strategic initiatives, which are underpinned by disciplined financial management and operational excellence. Recent developments, including the successful GREA recapitalisation, the imminent establishment of an enhanced DH Africa platform, and the landmark partnership with Broll Property Group, highlight significant strides in streamlining operations, reducing costs, and unlocking new growth opportunities.

With robust frameworks in place to support impactful real estate investments across Africa, Grit is well-placed to capitalise on high-yielding opportunities, expand its strategic partnerships, and reinforce its reputation as a leading Pan-African real estate player.

The Board remains confident in the Group's ability to deliver sustainable long-term growth and value creation over the medium term.

By Order of the Board

13 December 2024

FOR FURTHER INFORMATION, PLEASE CONTACT:

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NOTES:

Grit Real Estate Income Group Limited is the leading pan-African impact real estate company focused on investing in, developing and actively managing a diversified portfolio of assets in carefully selected African countries (excluding South Africa). These high-quality assets are underpinned by predominantly US\$ and Euro denominated long-term leases with a wide range of blue-chip multi-national tenant covenants across a diverse range of robust property sectors.

The Company is committed to delivering strong and sustainable income for shareholders, with the potential for income and capital growth. The Company holds its primary listing on the Main Market of the London Stock Exchange (LSE: GR1T and a dual currency trading secondary listing on the Stock Exchange of Mauritius (SEM: DEL.N0000 (USD) / DEL.C0000 (MUR))

Further information on the Company is available at www.grit.group

Directors: Peter Todd (Chairman), Bronwyn Corbett (Chief Executive Officer) *, Gareth Schnehage (Chief Financial Officer) *, David Love+, Catherine McIlraith+, Cross Kgosidiile, Lynette Finlay+ and Nigel Nunoo+.

(* Executive Director) (+ independent Non-Executive Director)

Company secretary: Intercontinental Fund Services Limited

Registered office address: PO Box 186, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 4HP

Registrar and transfer agent (Mauritius): Intercontinental Secretarial Services Limited

SEM authorised representative and sponsor: Perigeum Capital Ltd

UK Transfer secretary: Link Assets Services Limited

Mauritian Sponsoring Broker: Capital Markets Brokers Ltd

This notice is issued pursuant to the FCA Listing Rules, SEM Listing Rule 15.24 and the Mauritian Securities Act 2005. The Board of the Company accepts full responsibility for the accuracy of the information contained in this communiqué.