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GRIT REAL ESTATE INCOME GROUP LIMITED

(Registered in Guernsey)

(Registration number: 68739)

LSE share code: GR1T

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

ISIN: GG00BMDHST63

LEI: 21380084LCGHJRS8CN05

("Grit" or the "Company" and, together with its subsidiaries, the "Group")

DISPOSAL OF INTERESTS IN ACACIA ESTATES AND BORA AFRICA TO THE GROUP'S DEVELOPMENT SUBSIDIARY, GATEWAY REAL ESTATE AFRICA

The board of Directors (the "Board") of 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\$ and Euro denominated long-term leases with high quality multi-national tenants, today announces the disposal of its interests in Bora Africa and the partial disposal of its interests in a diplomatic housing asset in Mozambique ("**Acacia Estates**"), to Gateway Real Estate Africa ("**GREA**"), the Group's development subsidiary.

Executive summary:

- GREA's shareholders, Grit and the Public Investment Corporation of South Africa ("**PIC**") acting in its capacity as the nominated asset manager and duly authorised agent of the Government Employees Pension Fund ("**GEPF**"), have conditionally agreed to subscribe, pro rata to their existing shareholdings (as between themselves), for a total of US\$100 million of new equity in GREA (the "GREA Capital Raise").
- Grit will, conditional upon shareholder approval, meet its obligations to the GREA Capital Raise with proceeds raised from the disposal of its interests in Bora Africa and the partial disposal of its interests in Acacia Estates to GREA. The remaining funds (receivable in cash from PIC) will provide GREA with the opportunity to develop new industrial and logistics assets and enable it to expand its diplomatic housing portfolio. These disposals are considered related party transactions for the purposes of the Listing Rules and are together considered a Class 2 transaction (the "Related Party Transactions"). Details include:
 1. Grit disposing of a 99.9% interest in Bora Africa, Grit's wholly-owned subsidiary that invests in logistics, light industrial, manufacturing and digital infrastructure properties to GREA for US\$50.7 million, a value derived from the independently appraised property valuation and latest audited NAV at 30 June 2023; and
 2. Grit selling to GREA a 48.5 per cent. interest in Acacia Estates for an aggregate consideration of US\$19.6 million (comprising US\$14.3 million for the sale of the equity interests plus approximately US\$5.3 million for the assignment of the shareholder loans (subject to a completion accounts adjustment)), a value derived from the independently appraised property valuation and latest audited NAV at 30 June 2023. Grit will then retain a 5.0 per cent. interest in Acacia Estates.

- A circular containing further details on the Related Party Transactions pursuant to Listing Rule 13.6, and also the GREA Capital Raise (the “Circular”) will be sent to shareholders today and made available on the Company’s website at www.grit.group/investor-relations/documents-circulars/.
- GREA’s results are to be consolidated with Grit’s with effect from 30 November 2023, as described in paragraph 4.3 of Part 2 of the Circular. This means that the disposed assets will continue to be consolidated following the conclusion of the above transactions and the Group’s net asset value will be unchanged post the GREA Capital Raise.
- The cash proceeds received will be used to fund Grit’s (US\$51.5 million) participation in the GREA Capital Raise with the balance (US\$18.8 million) used to reduce the Group’s inter-company and external indebtedness and replenish its working capital facilities.

Transaction summary

Net debt will be transferred with the properties as part of the disposal. Transaction values are therefore equal to the NAV disposed of plus the repayment of Grit’s shareholder loans:

Asset	Gross property value (100%)	NAV 100% (incl. shareholder loans)	% Disposed of	NAV disposed of	Shareholder loans repaid	Transaction value
Bora Africa	\$79.3mln	\$2.8mln	99.9%	\$2.8mln	\$47.9mln	\$50.7mln
Acacia Estates	\$71.6mln	\$29.4mln	48.5%	\$14.3mln	\$5.3mln	\$19.6mln
Total	\$150.9mln					\$70.3mln

The gross assets subject of the Bora Investment and the DH Disposal are US\$150.9 million in aggregate. There is not expected to be any change in the key individuals important to the business or the companies that are the subject of the Class 2 transaction.

Bronwyn Knight, CEO of Grit, commented:

“The disposal of properties at or close to book value achieves the Board’s strategy of additional asset recycling and further reinforces the Group’s audited net asset value at 30 June 2023. By concluding the GREA Capital Raise with these proceeds, the Group (including GREA) receives a cash injection of US\$48.5 million from the PIC’s subscription at NAV. This equity will be invested by GREA into further development projects that are expected to meaningfully contribute to ESG impact, accelerated NAV growth and fee income generation to the Group as is contemplated under the Grit 2.0 strategy.”

Further detailed information

1 Introduction

Since inception, Grit has pursued an investment strategy of owning high quality real estate assets across multiple African geographies (excluding South Africa) and across multiple asset classes to let to its multi-national tenants.

More recently, Grit has been focusing its efforts on simplifying the Group structure and securing a pipeline of highly accretive transactions, in what the Company believes to be defensive asset classes in resilient jurisdictions. In addition, the Board has been seeking to secure the Group’s long-term growth with the recently concluded phased acquisitions of controlling interests in Gateway Real Estate Africa Ltd (the

member of the Grit Group through which Grit undertakes its development activities) and Africa Property Development Managers Limited ("**APDM**") (a member of the Grit Group which provides asset management and advisory services to GREA).

These actions laid the foundations of the Grit 2.0 growth strategy, which includes recycling capital away from non-core assets and moving it towards infrastructure and impact assets (comprising light industrial and logistics, corporate and consular accommodation, healthcare, and data centres).

Another part of the Grit 2.0 strategy is to organise the Group's real estate assets into logical sector groupings. This strategy is designed to facilitate development activities, to increase the value of the Group's assets and to generate fee income for the Group.

Grit has identified opportunities to create a specialist property platform investing in industrial assets and to consolidate the Group's current diplomatic housing assets. To take advantage of these opportunities, the Grit Group proposes to enter into two transactions which include: (i) the disposal of its interests in industrial assets to GREA; and (ii) the partial sale of its interests in a diplomatic housing asset to GREA, both at a price based on the audited book value as at 30 June 2023.

GREA has two ultimate shareholders: Grit owns a combined direct and indirect 54.2 per cent. interest in GREA, and (excluding the interest held indirectly through Grit) Public Investment Corporation of South Africa, acting in its capacity as the nominated asset manager and duly authorised agent of the Government Employees Pension Fund owns, directly and indirectly, the remaining 45.8 per cent. interest in GREA. GREA intends to issue a call notice to its shareholders and Grit and PIC have agreed, conditional upon Shareholder approval of the Related Party Transactions being obtained, to subscribe *pro rata* to their existing direct shareholdings (as between themselves) for a total of US\$100 million in cash (the "**GREA Capital Raise**"). Grit will meet its obligations to the GREA Capital Raise with proceeds raised from the Related Party Transactions, whilst the remaining funds (receivable from PIC), will provide GREA with the opportunity to develop new industrial and logistics assets and enable it to expand its diplomatic housing portfolio.

PIC is deemed to be a "related party" of Grit under the Listing Rules because it holds 20.8 per cent of Grit's issued share capital as at the Latest Practicable Date and is therefore a "substantial shareholder". In addition, GREA is deemed to be an "associate" of PIC under the Listing Rules as a result of PIC's 45.8 per cent interest in GREA (excluding the interest held indirectly through Grit) as at the Latest Practicable Date. Accordingly, transactions between the Grit Group and GREA are considered related party transactions for the purposes of the Listing Rules.

Given that the Company has a secondary listing on the Official Market of the SEM, provisions of Chapter 13 of the SEM Listing Rules pertaining to "Related Party Transactions" do not apply.

Certain of the transactions referred to in the Circular therefore require Shareholder approval in accordance with the Listing Rules. Accordingly, a general meeting at which Shareholders will be asked to approve the Related Party Transactions (as more fully set out in the Notice of General Meeting contained in Part 4 (Notice of General Meeting) of the Circular) is being convened for 1.00 p.m. (MUT) / 9.00 a.m. (GMT) on 16 February 2024 at Unity Building, The Precinct, M2 Junction, B11 Fond du Sac Road, Grand Baie, 31301, Mauritius (the "**General Meeting**"). Further information on the arrangements for the General Meeting are set out in paragraph 8 below.

2 Board support

The Board considers the Related Party Transactions to be in the best interests of Shareholders as a whole and unanimously recommends that Shareholders vote or procure votes in favour of the Resolutions to be

proposed at the General Meeting, as the Directors intend to do in respect of their aggregate shareholdings in the Company representing approximately 3.6 per cent. of the Company's current issued share capital as at the Latest Practicable Date.

3 Description of, background to and reasons for the Related Party Transactions and the GREA Capital Raise

The purpose of the Related Party Transactions and the GREA Capital Raise is to facilitate the expansion of GREA's development activities. GREA is the member of the Grit Group through which Grit undertakes its development activities. GREA intends to expand its development activities in two areas where it has a track record of success, namely: (i) developing industrial and logistics assets across Africa which it intends to implement through its industrial property platform; and (ii) establishing a diplomatic housing portfolio across the African continent for the US Government, Governments of other countries and multi-national companies. It is intended that such assets will either be sold or held as investments of the Group. Details of GREA's proposed expansion activities are set out in the following paragraphs.

The Bora Investment - Industrial property platform

Grit has identified an opportunity to create a specialist property platform to invest in logistics, light industrial, manufacturing and digital infrastructure properties. Bora Africa, a wholly-owned subsidiary of Grit (indirectly through GSL), has been established for this purpose and was seeded with six property assets in Kenya and Mozambique (the "**Bora Assets**") from GSL as well as a shareholder loan from GSL (the "**GSL/Bora Loan**"). Bora Africa has a pipeline of predominantly development opportunities, which GSL does not currently have the capital to develop. Further details of Bora Africa's assets are set out on page 195 of Grit's 2023 Accounts published on 31 October 2023.

In order to implement Grit's expansion strategy in respect of its industrial assets, GREA has committed to investing in Bora Africa pursuant to the terms of a subscription and loan agreement entered into between GSL, GREA and Bora Africa dated 29 January 2024 (the "**Bora Subscription and Loan Agreement**").

Pursuant to the Bora Subscription and Loan Agreement, conditional on Shareholder approval being obtained, GREA has agreed to subscribe for 9,999 ordinary shares in Bora Africa representing 99.9 per cent. of the enlarged issued share capital in Bora Africa (the "**Bora Subscription**") for an aggregate subscription price of US\$9,999 (the "**Bora Subscription Price**"). In addition, pursuant to the Bora Subscription and Loan Agreement and conditional on the Bora Subscription, GREA has agreed to advance Bora Africa US\$50.7 million (subject to adjustments pursuant to final completion accounts) by way of a shareholder loan (the "**GREA/Bora Loan**" and, together with the Bora Subscription, the "**Bora Investment**"). Following the Bora Investment, Bora Africa will use the proceeds to repay the GSL/Bora Loan in full. The Bora Investment represents an amount equal to Bora Africa's net asset value as at 30 June 2023 (plus shareholder debt), which was derived from the Group's audited accounts for the year ended 30 June 2023.

In addition, a subordinated hybrid note will be issued to International Finance Corporation, a member of the World Bank Group ("**IFC**") in the sum of approximately US\$16.9 million in order to fund Bora Africa's initial pipeline. As at the Latest Practicable Date, no funds had been drawn down. Bora Africa is in advanced discussions with IFC in respect of the issue of a further subordinated hybrid note in the sum of approximately US\$13.1 million.

As GREA is a related party of Grit, accordingly, the Bora Investment as set out in the Bora Subscription and Loan Agreement (being an agreement entered into between a subsidiary undertaking of a listed

company and a related party) is conditional on Shareholder approval, as further described on paragraph 5 below.

The DH Disposal - Consolidation of diplomatic housing assets

Diplomatic Holdings Africa Ltd ("**DH Africa**"), a wholly-owned subsidiary of GREA, has been established as a specialist property platform investing in diplomatic housing and other sovereign-backed property assets in Africa. DH Africa will be used by the Grit Group as the platform for future growth in diplomatic housing.

GREA currently holds (or will hold) three diplomatic housing assets through DH Africa, which were internally developed, and has several future developments which are either under consideration or in the process of being negotiated.

GSL (a wholly-owned subsidiary of Grit) currently owns a 53.5 per cent. interest in one of those assets (excluding the interest held indirectly through GREA), Acacia Estates, a diplomatic housing complex in Mozambique, with GREA owning the remaining 46.5 per cent. Acacia Estates is the only diplomatic housing asset that the Grit Group holds outside its interest in GREA.

As part of the implementation of the Company's consolidation strategy, it is intended that GSL will: (i) sell to GREA (or its nominee, DH Africa), a 48.5 per cent. interest in Acacia Estates for an aggregate consideration of US\$14.3 million, and (ii) will assign its interest in its shareholder loans related to Acacia Estates to GREA (or its nominee), DH Africa (valued at US\$5.3 million subject to final completion accounts) (the "**DH Disposal**"). Following the DH Disposal, GSL will retain a 5 per cent. interest in Acacia Estates.

The sale price of US\$14.3 million for the 48.5 per cent. equity interest represents an amount equal to 48.5 per cent. of the net asset value of Acacia Estates as at 30 June 2023 (excluding shareholder debt). This value was derived by applying a 2.0 per cent. reduction to the value audited by the Company's external auditors as at 30 June 2023 to reflect changes in market pricing over the period

GSL's debt and equity interests in Acacia Estates are held via certain subsidiary companies. The DH Disposal will be effected on the terms set out in a share purchase agreement between, amongst others, GSL, GREA and the relevant subsidiary companies dated 29 January 2024 ("**DH Share Purchase Agreement**"). Further details of the DH Share Purchase Agreement are set out in the Circular to be sent to shareholders.

As indicated above, GREA is a related party of Grit and, accordingly, the DH Disposal which will be effected on the terms set out in the DH Share Purchase Agreement (being an agreement entered into between a subsidiary of a listed company (i.e. GSL, GREA and the relevant subsidiary companies) and a related party (i.e. GREA)) is conditional on Shareholder approval as further described in paragraph 5 below.

Further details of Acacia Estates are set out on page 195 of the Company's 2023 Accounts published on 31 October 2023.

The Bora Investment and the DH Disposal, together, constitute a "Class 2 transaction" for the purposes of the Listing Rules. The net annual rent as of 30 June 2023 that is attributable to the assets that are the subject of the Bora Investment and the DH Disposal is US\$11,779,822 in aggregate. There is not expected to be any change in the key individuals important to the business or the companies that are the subject of the Class 2 transaction.

APDM Transaction

While the APDM Transaction described below is considered to be a transaction in the ordinary course of business on normal market terms, and therefore not a related party transaction under the Listing Rules, the following information is provided as context and rationale associated with the Bora Investment and the DH Disposal.

As GREA does not have its own employees and staff, APDM (a member of the Grit Group of which Grit holds a 78.95 per cent. interest) has been contracted to provide asset management and advisory services to GREA in respect of GREA's directly and indirectly held investments, pursuant to an asset management and advisory services agreement. Pursuant to the asset management and advisory services agreement, a management fee is payable to APDM, which shall not exceed 1.50 per cent. per annum of GREA's total assets under management.

Following the completion of the Related Party Transactions, each of Bora Africa and GREA (or its nominee, DH Africa) will require management support services. Accordingly, wholly-owned subsidiaries of APDM have contracted GSL (a wholly-owned member of the Grit Group) to provide full turn-key management services to both Bora Africa and GREA (or its nominee, DH Africa), pursuant to the Asset Management Agreements and Property Services Management Agreements. Undertaking such activities to generate this type of fee income to the Group is consistent with the Grit 2.0 strategy.

4 Use of proceeds

The proceeds received by Grit (being, US\$50.7 million (as adjusted by the relevant completion accounts) in relation to the Bora Investment and US\$19.6 million (as adjusted by the relevant completion accounts) in relation to the DH Disposal) in respect of the Related Party Transactions are intended to be used to fund Grit's (US\$51.5 million) participation in the GREA Capital Raise with the balance (US\$18.8 million) to be used to reduce the Group's inter-company and external indebtedness and replenish its working capital facilities.

5 Related Party Transactions

As at the date of the Circular, the following persons are related parties of the Company:

- PIC; and
- GREA,

(together the "**Related Parties**" and each a "**Related Party**").

A person can be a related party for a number of reasons, including by virtue of the size of its holding in a company. Under the Listing Rules, an associate of such person can also be a related party. Furthermore, a transaction or arrangement by a listed company includes a transaction or arrangement by its subsidiary undertakings.

The Related Parties are deemed to be related parties of the Company for the purposes of the Listing Rules: (i) in the case of PIC, as a substantial shareholder by virtue of its 20.8 per cent. holding in the Company's issued share capital; and (ii) in the case of GREA, by virtue of GREA being an associate of PIC as PIC has (excluding the interest held indirectly through Grit) a direct and indirect 45.8 per cent. holding in GREA's issued share capital.

Shareholder approval is being sought at the General Meeting, in accordance with the Listing Rules, for the Related Party Transactions as the Bora Investment and the DH Disposal constitute related party transactions for the purposes of the Listing Rules.

Accordingly, the Directors are proposing the Resolutions at the General Meeting, the effect of which is to approve each Related Party Transaction for the purposes of Listing Rule 11. Each Related Party Transaction will not proceed unless the relevant Resolution is passed. Neither Resolution is conditional on the other passing. Each of the Related Parties has undertaken not to vote the Ordinary Shares in which it is interested in respect of the Resolutions and will take all reasonable steps to ensure that its associates will also abstain from voting on such Resolutions.

6 Benefits of the Related Party Transactions

The Directors believe that the entry into the Related Party Transactions will have the following benefits for Shareholders:

- The disposals by Grit, of US\$150.9 million worth of properties at or close to book value, achieves the Board's strategy of additional asset recycling and further reinforces the Group's audited net asset value at 30 June 2023.
- By virtue of concluding the GREA Capital Raise with the proceeds of these disposals, the Group (including GREA) receives a cash injection of US\$48.5 million from the PIC's subscription pursuant to the GREA Capital Raise.
- The cash injection will be invested by GREA into further development projects which are expected to meaningfully contribute to ESG impact, accelerated NAV growth and fee income generation to the Group (as is contemplated under the Grit 2.0 strategy).
- Entering into the Asset Management Agreements and the Property Services Management Agreements will result in the Grit Group receiving 100 per cent. of the management fees payable by Bora Africa and DH Africa whilst only incurring 54.2 per cent. of the cost by virtue of Grit's 54.2 per cent. ownership of GREA.
- Ringfenced and adequately resourced sector strategy sub-structures allow for the introduction of minority equity partners and additional mezzanine capital support from development finance institutions ("**DFI's**"). These are intended to achieve a "capital light" approach to generating real estate returns as contemplated under the Grit 2.0 strategy.

7 Considerations associated with the Related Party Transactions

Shareholders should note that the Grit 2.0 strategy is predicated on creating structures to generate income from assets for which the Group does not hold 100 per cent. of the equity interest. In the event that the Related Party Transactions are not approved, Grit would not be able to fund its *pro rata* proportion of the GREA Capital Raise with the result that GREA will not have sufficient capital to continue with its proposed development of the industrial and diplomatic housing assets, thereby reducing Grit's ability to generate fee income in the future.

8 General Meeting

The General Meeting has been convened for 1.00p.m. (MUT) / 9.00 a.m./p.m. (GMT) on 16 February 2024.

Resolution 1 which will be proposed as an ordinary resolution, will, if passed, approve the Bora Investment on the terms set out in the Bora Subscription and Loan Agreement.

Resolution 2 which will be proposed as an ordinary resolution, will, if passed, approve the DH Disposal on the terms set out in the DH Share Purchase Agreement.

As stated above, the Resolutions are not inter-conditional.

An ordinary resolution requires a simple majority of members entitled to vote and present in person or by proxy to vote in favour of it in order for it to be passed.

Subject to the undertakings from the Related Parties referred to in paragraph 5 above, all Shareholders are entitled to attend and vote at the General Meeting. In accordance with the Articles, all Shareholders present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Ordinary Share held. In order to ensure that a quorum is present at the General Meeting, it is necessary for one Shareholder holding five per cent. or more of the voting rights available at the General Meeting to be present, whether in person or by proxy (or, if a corporation, by a representative).

By Order of the Board

29 January 2023

FOR FURTHER INFORMATION, PLEASE CONTACT:

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NOTES:

Grit Real Estate Income Group Limited is the leading pan-African woman led 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 <http://grit.group>.

Directors: Peter Todd (Chairman), Bronwyn Knight (Chief Executive Officer)*, Leon van de Moortele (Chief Financial Officer)*, David Love+, Catherine McIlraith+, Jonathan Crichton+, Cross Kgosidiile, Nigel Nunoo+ and Lynette Finlay+.

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

Company secretary: Intercontinental Fund Services Limited

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

UK Transfer secretary: Link Market Services Limited

SEM authorised representative and sponsor: Perigeum Capital Ltd

Mauritian sponsoring broker: Capital Markets Brokers Ltd

This notice is issued pursuant to the FCA Listing Rules, SEM Listing Rules 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.
