

GRIT REAL ESTATE INCOME GROUP LIMITED

(Registered in Guernsey)

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SEM share code: DEL.N0000

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



DEEMED DISPOSAL IN BEACHCOMBER HOSPITALITY INVESTEMENTS LTD ("BHI") AND CAUTIONARY ANNOUNCEMENT REGARDING A FURTHER EXIT BY GRIT OF ITS REMAINING INTERESTS IN BHI

The board of Directors (the "**Board**") of Grit Real Estate Income Group Limited, a leading and award-winning pan-African impact 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, today announces a deemed disposal of 17.32% and the potential further exit by Grit of its remaining interests in BHI, an associate owning three hotels in Mauritius.

BHI was set up as a business venture between New Mauritius Hotels Limited ("**NMH**") and Grit. The hospitality property company currently owns three 4-star hotels in the North of Mauritius, namely Victoria Beachcomber, Mauricia Beachcomber and Cannonier Beachcomber, operated by NMH under the Beachcomber brand.

Following a successful 2022 trading performance, including the collection of all remaining Covid period back rentals, BHI recently declared a dividend whereby Grit received EUR14.5 million (US Dollar 15.18 million) in cash and NMH elected to receive a scrip dividend. This deemed disposal has resulted in Grit's interests in BHI being diluted from 44.4% to 27.1% as at 31 December 2022.

To facilitate Grit's potential exit of its remaining interests in BHI, the Board has today signed a Merger Agreement detailing a scheme of arrangement (the "**Scheme**") to merge Grit's wholly owned subsidiary Leisure Property Northern (Mauritius) Limited ("**LPNL**"), through which it owns its interest in BHI, with and into BHI. BHI simultaneously proposes issuing preference shares, offered by way of a public offer and listed on the Official List of the Stock Exchange of Mauritius Ltd ("**SEM**"), with subscription proceeds being applied to facilitating Grit's exit of its interest in BHI for an expected net cash payment of EUR 25.8 million (c.US Dollar 27.5 million), after the transfer of LPNL debt facilities of EUR 18.1 million (US Dollar 19.3 million) from LPNL to BHI. The resultant EUR 1.6 million net deficit to the book values as at 31 December 2022, represent a 1.7% discount to the property value within the BHI associate.

The Scheme is subject to the satisfaction of a number of conditions precedent set out in the Scheme application documents and Merger Agreement which include, inter alia, approvals of the regulatory authorities and the court in Mauritius. Grit's exit is additionally subject to certain conditions precedent set out in a preference shares prospectus (deemed to be the Listing Particulars for SEM's purposes) and the regulatory authorities. As such, Grit's exit at this point, still remains uncertain. Further details will be communicated in due course and Grit shareholders and the investing public in general are advised to exercise caution when dealing in the Company's shares.

Bronwyn Knight, CEO of Grit Real Estate Income Group Limited, commented:

"The deemed disposal and the further potential exit by Grit of its remaining interests in Beachcomber Hospitality Investments Ltd are in line with and materially contribute towards the Company's stated strategies of asset recycling 20% of the value of its portfolio by 31 December 2023 and the ongoing reduction in Grit's LTV and exposure to hospitality assets. Our strong partnership with New Mauritius Hotels Group has delivered value to shareholders and Grit's exit will allow BHI to better focus on exciting growth opportunities across the hotel and tourism sector. The exit will also support Grit's ongoing transition towards a more resilient, accretive and African impact focussed asset base, which is expected to deliver near and longer term value creation and growth opportunities in net asset value and income, to the benefit of all our stakeholders, including the people of Africa."

Further detail on the proposed BHI restructure

Although the primary objective of BHI is to continue as a hospitality property company, BHI's board has a vision to create a larger and more diversified portfolio across market segment, geographic exposure and tenants.

Grit's updated strategy does not however envisage the material further increase in hospitality sector exposure and Grit has therefore expressed an interest to exit its remaining interests in BHI.

In the context of a BHI restructure and Grit potential exit, NMH has been invited to contribute its shares in Kingfisher Ltd ('Kingfisher') to BHI. Kingfisher holds shares of St Anne Resort Limited which owns a 5-star resort property situated in Ste Anne, Seychelles. The resort is leased to Société des Villages de Vacances (des Seychelles) Limited, trading as Club Med, Seychelles. BHI also intends to invest in other yielding hospitality properties, not necessarily owned or operated by NMH, to diversify its risk profile.

Impact of Grit's exit of LPNL and its remaining interest in BHI

At 31 December 2022 LPNL had debt facilities of EUR 18.1 million (US Dollar 19.3 million), recorded its 27.1% interest as an investment in associate valued at EUR 47.7 million (US Dollar 50.9 million) and reflected a financial liability of USD 2.5 million, being the value of NMH's call option over LPNL's shares in BHI. The expected cash payment of EUR 25.8 million will result in a EUR 1.6 million net deficit to the above book values as at 31 December 2022 (representing a 1.7% discount the property value within the BHI associate).

The gross property assets that are the subject of the transaction are valued at US Dollar 56.7 million, being Grit's current 27.1% ownership of the properties valued at a total book value of USD 210.3 million on 31 December 2022. The profit attributable to the asset in the full financial year to 30 June 2022 amounted to US Dollar 2.4 million (which includes, Share of Profit of the BHI associate of US Dollar 9.23 million of which US Dollar 5.1 million represented the fair value movement on investment property in that year). Funds received from the transaction are expected to be applied towards Grit debt reduction, replenishment of liquidity reserves over the short term, and redeployment into acquisitions and future Group projects over the medium term.

The Group continues to target 20% asset recycling, equating to a value of up to US Dollar 160.0 million. This transaction is therefore expected to be a meaningful contributor to the Group's asset recycling target being attained by 31 December 2023.

By Order of the Board

24 February 2023

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU no. 596/2014) (as amended) as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 and other implementing measures. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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 secondary listing on the Stock Exchange of Mauritius (SEM: DEL.N0000).

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

Directors: Peter Todd (Chairman), Bronwyn Knight (Chief Executive Officer)*, Leon van de Moortele (Chief Financial Officer)*, David Love+, Sir Samuel Esson Jonah+, Catherine McIlraith+, Jonathan Crichton+ and Cross Kgosidiile.

(* 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.
