

## GRIT REAL ESTATE INCOME GROUP LIMITED

(Registered in Guernsey)

(Registration number: 68739)

LSE share code: GR1T

SEM share code: DEL.N0000

ISIN: GG00BMDHST63

LEI: 21380084LCGHJRS8CN05

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



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### CO-INVESTMENT BY LETLOLE LA RONA LIMITED INTO ORBIT AFRICA WAREHOUSING AND MANUFACTURING FACILITY, NAIROBI, KENYA

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The board of Directors (the "**Board**") of Grit Real Estate Income Group Limited, a leading pan-African income 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 introduction of Letlole La Rona Limited ("**LLR**") as a 30% co-investor to Grit's industrial facility in Nairobi, Kenya (the "**Asset**"), currently tenanted to Orbit Products Africa Ltd ("**Orbit**")

LLR, a variable rate loan stock company listed on the Botswana Stock Exchange, recently defined a "Go-To-Africa" strategy and described its intentions to form strategic partnerships with credible and experienced African investment entities. LLR's current portfolio is predominantly comprised of Botswanan premium-grade industrial warehouse assets, and while today's transaction not only marks LLR's first acquisition outside of the country, it also positions LLR as a preferred funding partner alongside Grit to make further yield-enhancing industrial sector investments that create positive social and environmental impacts. The Company sees significant opportunities across Africa in this structurally undersupplied asset class and expects to make further investments over the short and medium term alongside its partners and African focused development finance institutions ("**DFIs**") that are expected to enhance value to Grit's shareholders.

LLR has signed a conditionally binding agreement to subscribe to a 30% shareholding in the Mauritian holding entity of the Asset (the "**Transaction**") (currently 100% owned by Grit), and an injection of approximately US\$7.23 million via a shareholder loan to the Mauritian holding entity, being its pro-rata share of equity contributions to date. Grit will realise an acquisition fee of US\$ 600,000 from LLR upon completion of the Transaction and Grit will also earn an annual asset management fee of 0.5% of the value of the Asset as a result of the asset management agreement now concluded. The Transaction is subject to LLR shareholder, local regulatory and Asset financier approvals, which are currently underway. Grit expects to utilise the cash proceeds, from the repayment of its pro rata shareholder loan, towards further increasing the Company's interests in Gateway Real Estate Africa by 31 July 2022 (as recently announced by Grit - [link here](#)).

The Asset, originally acquired after Grit raised US\$31.5 million in perpetual notes and US\$25 million in debt from the International Finance Corporation ("**IFC**") (the investment arm of the World Bank), forms part of a broader industrial sector focused investment strategy being pursued by the Company.

The total investment in the Asset is expected to be US\$53.6 million (incl. VAT), comprising the initial sale and leaseback on a new 25-year US dollar denominated triple net lease to Orbit at a net acquisition yield of 9.60% alongside the redevelopment and the expansion of the facility at an attractive contractual development yield of 16.0%. The Company continues to expect the investment to be accretive to Grit's NAV and earnings from inception and to realise attractive sustainable capital value enhancement and rental income growth.

The Asset upgrades are additionally expected to create long lasting positive social, economic and environmental benefits for local communities, whilst the property will also benefit from being significantly improved to today's modern FMCG industry standards and achieving an IFC EDGE green building certification. The redevelopment and expansion is expected to be completed in the fourth quarter of 2023 when it will be let on a new 20-year triple net lease to Orbit.

Grit holds a minority stake of 30% in LLR, which is classified as an associate in Grit's consolidated accounts.

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

"We are pleased today to welcome LLR as co-investor to the Orbit facility, which is expected to deliver enhanced sustainable value to Grit's shareholders, whilst creating long lasting positive social, economic and environmental benefits for local communities.

This landmark transaction provides opportunities for Grit to collaborate further with LLR as one of the Group's preferred funding partners for further yield-enhancing industrial sector investments that create positive social and environmental impacts, as LLR rolls out its Go-To-Africa strategy.

The Board continues to see a structural undersupply of quality industrial sector assets across the African continent and expects to make further accretive investments over the short and medium term that will deliver further value to our shareholders."

By Order of the Board

20 May 2022

*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 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](http://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+, Nomzamo Radebe, Catherine McIlraith+, Jonathan Crichton+, Cross Kgosiidiile and Bright Laaka (Permanent Alternate Director to Nomzamo Radebe).

(\* 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 and 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.