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**")

BUSINESS UPDATE, ESTABLISHMENT OF LARGEST EMBASSY ACCOMMODATION PLATFORM IN AFRICA AND CHANGE IN FINANCIAL YEAR-END

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.

1. INTRODUCTION

Notwithstanding persistent macro-economic headwinds, Grit remains firmly focused on advancing its strategic priorities, which are underpinned by prudent financial management and a consistent approach to operational efficiency.

These initiatives include ongoing disposals, the establishment of an enhanced embassy accommodation platform, a landmark partnership with Broll Property Group ("Broll") resulting in streamlined operations and reducing overheads over the medium term, and new growth opportunities.

2. OPERATING ENVIRONMENT

2.1 African market liquidity pressure

Global macro-economic uncertainty, driven by tariff wars following the United States policy changes, has had significant negative impact on emerging market liquidity, including in the geographies where Grit operates.

In addition to capital outflows, tenant decisions on expansion opportunities have resulted in Grit adopting a more conservative approach to business operations, including tenant risk. In Mozambique, in particular, socio-political instability has further contributed to a slow-down in corporate expansion.

2.2 Valuation headwinds

Evolving demand and supply dynamics, particularly within the retail sector, alongside sustained elevated interest rates in the United States, have led to a reassessment of fair value estimates for real estate assets in general across the continent.

While select impact-driven real estate sub-asset classes - including light industrial, diplomatic accommodation, business process outsourcing (BPO) facilities, and data centres - are expected to show greater resilience, the Group anticipates continued pressure on valuations, with retail properties remaining particularly exposed given the prevailing macro-economic conditions.

Consequently, market rental rates continue to face downward pressure, influenced by inflation, rising unemployment, and increased import duties, all of which have eroded consumer purchasing power within the retail sector.

3. OPERATIONAL UPDATE

3.1 Asset performance

New leases concluded in the 2025 financial year to date comprise a combined gross lettable area ("GLA") of 36,778 m^2, which include expired leases totalling a GLA of 33,483 m^2. In some instances, such as in Mozambique, these leases were renewed at reversionary market rates for longer lease tenures of five years.

EPRA occupancy rates across the portfolio (excluding assets held for sale) increased to 92.15% (May 2025) from 89.77% (June 2024).

3.1.1 Retail sector: Leasing activity continues to show traction with leases concluded at Anfa Place Mall and retail assets in Zambia with vacancies in the sub-asset class reducing from 14.2% (June 2024) to 12.9% (May 2025).

3.1.2 Hospitality sector: Performance remains robust and in line with projections, supported by >80% occupancy at Tamassa Resort and Club Med Cap Skirring Resort.

3.1.3 Office sector: The Precinct, the Group's five-star Green star-rated office development in Mauritius is fully let, with continued strong demand from tenants.

Inaugurated on 30 April 2024, Eneo at Tatu Central, a mixed-use development in Kenya is widely considered as the BPO hub of East Africa and is currently 91.6% tenanted.

3.1.4 Light industrial: The sector continues to provide strong and sustainable returns to the wider portfolio. In Kenya, the Group is experiencing currency devaluation pressure, which is impacting tenants such as Orbit Products Africa Limited.

3.1.5 Diplomatic and corporate accommodation: Demand for units remain healthy despite global uncertainties and US policy changes, elaborated on in point 6.1 below.

3.1.6 Healthcare sector: Whilst a small contributor to the portfolio performance, prospects remain attractive.

Grit's core portfolio of higher-yielding, impact real estate assets continued to perform in line with expectations.

3.2 Impact of Broll Partnership

In line with the Grit 2.0 strategy, the Group has concluded a strategic partnership effective from 1 February 2025 with Broll, 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.

3.3 Delays in development projects

Notwithstanding the successful recapitalisation of the Group's development subsidiary, Gateway Real Estate Africa ("GREA"), the timing delay of the recapitalisation process (detailed in the RNS announcement of 1 November 2024) resulted in operating pressure, and the deferral of several contracted development projects.

4. FINANCIAL UPDATE

The Group remained committed to lowering both the overall level and cost of debt during the financial year, supported by sustained engagement with existing lenders. Alongside the successful negotiation of refinancing terms, efforts are underway to secure agreements with prospective new funding partners. While these discussions are progressing, any resulting benefit to Grit's cost of funding is only expected to materialise in the next financial year.

The Group's disposal process remains on track, with an additional US$200 million of non-core assets identified. Negotiations are at an advanced stage on the disposal of Tamassa Lux Resort and Artemis Curepipe Hospital for a combined US$73.7 million, as well as on Anfa Place Mall and certain other retail assets.

4.1 Administration expense reductions and group cost optimization

Grit progressed with the reduction of administration costs to a ratio of 1.5% of income producing assets. During the financial year to date, it maintained its moratorium on new hires and streamlined operational efficiencies through its transaction with Broll. The full impact of these actions will only reflect from the 2026 financial year onwards.

The Group remains on track to reduce administration costs to 1% of income producing assets over the medium term.

4.2 NAV impact

As guided in the HY25 results, the higher-for-longer interest rate environment and asset revaluations, particularly in the retail sector, are expected to continue putting pressure the Group's IFRS Net Asset Value ("NAV").

As at 31 December 2024, the Group reported an IFRS NAV of US$37.68 Cents Per Share ("cps"). However, the anticipated disposals outlined in point 4, along with other corporate actions - including the equity issuance detailed in point 6.2 - are expected to have a material impact, resulting in an adjusted IFRS NAV of approximately US$33.17 cps.

5. CONFIRMATION OF DISPOSAL STRATEGY

Shareholders are referred to the announcements published on 2 September 2024 and 14 February 2025 where the Group provided updates on the identification of non-core assets as well as its disposal strategy.

Notwithstanding global market uncertainty and African market liquidity pressures, the Group reiterates its commitment to the implementation of its accelerated strategy to reduce debt and the weighted average cost of borrowings which includes the disposal of non-strategic assets.

6. CREATION OF LARGEST EMBASSY ACCOMMODATION PLATFORM IN AFRICA AND EQUITY ISSUE

Shareholders are referred to the Group's financial results for the year ended 30 June 2024, published on RNS on 31 October 2024 ("the financial results") inter alia advising shareholders that Diplomatic Holdings Africa Ltd ("**DH Africa**"), Verdant Ventures LLC and Verdant Property Holdings Ltd (together "**Verdant**") entered into a Framework Agreement to combine their diplomatic housing businesses into a single, scalable entity, which will retain the DH Africa name (the "**Transaction**").

DH Africa is the Group's dedicated diplomatic real estate sub-structure and is currently wholly owned by Grit's development subsidiary, GREA. Verdant is a US-based real estate development company established in 2016 to provide high–quality real estate projects across Africa, primarily focused on high-security diplomatic housing developments.

The Board of Directors (the "**Board**") of Grit today announces the fulfilment of the outstanding conditions and essential implementation steps, now rendering the Transaction unconditional.

6.1 Rationale for the Transaction

In terms of its Grit 2.0 strategy, the Group significantly simplified its operational structure. The core portfolio is now largely grouped into sector-focused subsidiaries, with extensive future development opportunities owned within GREA where they can attract co-funding and investment.

GREA and Verdant co-developed the award-winning Elevation Diplomatic Residences in Addis Ababa, Ethiopia ("**DH Ethiopia**") as well as the Rosslyn Grove Diplomatic Apartment and Townhouse Complex in Nairobi, Kenya ("**DH Kenya**").

The combined entity (DH Africa) will provide a much larger, scaled specialist platform, to better service diplomatic clients including the US Government, as well as other sovereign clients.

The US State Department's reform plan aims to streamline operations and modernise US diplomatic engagement. DH Africa will be better positioned to act on this initiative with a strong US based partner, particularly in strategically important regions like Africa, which DH Africa could benefit from.

6.2 Transaction details and issue of Equity

The Transaction consists of DH Africa increasing its equity interest in DH Ethiopia and DH Kenya to 99.99%, together with securing access to DH Ghana, a 108-unit diplomatic development in Accra, Ghana originated by Verdant. As settlement for DH Africa's additional interest in the three projects, DH Africa will issue shares to Verdant, whereby Verdant will take a significant minority stake in DH Africa. In addition, Grit will acquire Verdant's asset management and development management contracts (the "**Acquisition**").

As consideration for the Acquisition, Grit will issue 24,742,277 new ordinary shares of no-par value ("**Ordinary Shares**") to Verdant at an issue price of US$33.90 cps.

Applications have been made with the FCA, the LSE and the SEM for the listing of 24,742,277 new Ordinary Shares to the Official List of the FCA, for admission to trading on the Main Market of the LSE and for admission to trading on the Official Market of the SEM with effect from 20 June 2025 ("**Admission**").

Immediately following Admission, the Company's issued share capital will consist of 519,834,616 Ordinary Shares, including 246,782 Ordinary Shares held in treasury, meaning there are 519,587,834 Ordinary Shares with voting rights. This figure may be used by shareholders to determine the denominator for the calculation by which they will establish if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

6.3 DH Africa post the Transaction

Following the implementation of the Transaction, DH Africa's portfolio will consist of three income producing assets located in Mozambique, Kenya and Ethiopia independently valued at US$206.9 million, with a loan to value ratio of 32.2%, and a portfolio weighted average lease expiry rate ("WALE") of 5.2 years, secured predominately by long-term, AAA-rated leases from the US Government.

Further, DH Africa has secured an additional two development projects, with a combined project cost of US$130 million, adding to the platform's scale and geographic diversification.

DH Africa will be consolidated into Grit. The enhanced substructure will provide Grit with further exposure to relatively high-yielding assets as well as the ability to capture development fees and access to asset management income.

Bronwyn Knight, CEO and co-founder of Grit commented:

"This milestone transaction provides further momentum to our Grit 2.0 strategy, positioning us to capture growth opportunities in targeted sectors through the establishment of specialised sub-structures.

"These will be supported by long-term funding partners who share our commitment to unlock and generate high quality impact investment in Africa."

Greg Pearson, CEO and co-founder of GREA commented:

"Following the successes of our existing collaborations and the alignment in our strategic goals, this transaction is a natural progression to creating enhanced synergies through a scalable, specialist sub-structure, consolidating our market leadership in this sector."

Scott Friesen, Managing Director and co-founder of Verdant Ventures:

"Verdant Ventures was founded to build best-in-class diplomatic housing while creating significant social impact through job training and employment opportunities. We're excited about this transaction, which represents the largest pooling of diplomatic housing assets in Africa, paving the way for continued service to our tenants, healthy financial returns, and life-changing social impact. "

7. CHANGE TO ACCOUNTING REFERENCE DATE AND FINANCIAL YEAR END

The Group announces a change to its accounting reference date and financial year end from 30 June to 31 December. The change of financial year end is effective immediately.

The Board considers that this change will better align the reporting period to the operations of the business across all subsidiaries in the Group, as following this change all Group companies will follow the same accounting reference date. In addition, following a mandatory audit firm rotation, the change will allow the Company's recently appointed auditors, MacIntyre Hudson LLP with Baker Tilly CI Audit Limited sufficient time to better understand the Group and complete their planning to ensure an efficient audit.

Accordingly, the Company's next audited financial statements will be prepared for the 18-month period ending 31 December 2025 and will be required to be published on or before 30 April 2026.

In accordance with the UK Listing Rules, the Company will publish unaudited interim accounts for the period ending 30 June 2025 on or before 30 September 2025.

Thereafter, the Company will publish each year its unaudited interim results for the 6 month ending 30 June by 30 September, and its audited financial statements for the 12 months ending 31 December by 30 April in accordance with the Disclosure Guidance and Transparency Rules.

This notification is made in accordance with UK Listing Rule 6.4.15.

8. STRATEGIC PRIORITIES

As the Group continues to advance its strategic agenda, its key priorities remain firmly aligned with long-term value creation:

- **Optimising capital allocation**: The Group remains focused on disposing of non-core assets and redeploying proceeds towards debt reduction and reinvestment into higher-yielding, core assets, supporting sustainable long-term growth.
- **Strengthening financial metrics**: Continued efforts to lower loan-to-value (LTV) ratios and improve Interest Coverage Ratios (ICR) are designed to enhance financial resilience and support more favourable funding terms.
- **Streamlining operations**: The consolidation of assets into sector-specific structures enables more focused management, unlocks co-investment opportunities, and drives greater funding efficiency as demonstrated by the DH Africa transaction.
- **Enhancing operational efficiency**: Through strategic outsourcing and the application of technology, the Group is realigning its operational model to deliver targeted cost reductions. These initiatives are guided by the objective of reducing ongoing administrative costs to 1.0% of total income-producing assets over the medium term.

Together, these priorities are laying the foundation for a more resilient and agile business, well-positioned to deliver on its long-term strategic ambitions.

9. OUTLOOK

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

18 June 2025

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), Gareth Schnehage *(Chief Financial Officer), David Love, Catherine McIlraith, Cross Kgosidiile, Nigel Nunoo and Lynette Finlay.
(* Executive Director) (Independent Non-Executive Director)

Company secretary: Intercontinental Fund Services Limited

Corporate service provider: Mourant Governance Services (Guernsey) Limited

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

Registrar and transfer agent (Mauritius): OneLink 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 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.