

## GRIT REAL ESTATE INCOME GROUP LIMITED

(Registered by continuation in the Republic of Mauritius)

(Registration number: C128881 C1/GBL)

SEM share code: DEL.N0000

JSE share code: GTR

LSE share code: GR1T

ISIN: MU0473N00036

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



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## ACQUISITION OF ADDITIONAL 23.75% INTEREST IN BOTSWANA LISTED LETLOLE LA RONA LIMITED

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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 and actively managing a diversified portfolio of assets underpinned by predominantly US\$ and Euro denominated long-term leases with high quality multi-national tenants, announces that the Company entered into a sale and purchase agreement (the "**Agreement**") on 19 November 2019 with Botswana Development Corporation Limited ("**BDC**") whereby Grit Services Limited ("**GSL**"), a wholly-owned subsidiary of Grit, will acquire 66,500,000 linked units (comprising an ordinary share indivisibly linked to one variable unsecured debenture) in the issued share capital of Letlole La Rona Limited ("**LLR**") for an effective purchase consideration of US\$ 13.8 million (the "**Purchase Consideration**"), to be settled through the issuance of new ordinary shares in Grit (the "**Transaction**").

The Transaction increases the Company's overall shareholding in LLR from 6.25% to 30.0% and represents a significant expansion of Grit's strategy in Botswana, a strong and politically sound economy and an investment grade country, which grew at 4.6% in real terms in 2018 and with one of the highest GDP per capita in Africa.

The Purchase Consideration will be settled through the issuance of new shares in Grit at US\$ 1.40 per share, being the Company's most recently reported European Public Real Estate Association Net Asset Value ("**EPRA NAV**") per ordinary share, as at 30 June 2019, exclusive of dividends of US\$ 6.95 cents per share paid in November 2019.

### **Bronwyn Corbett, Chief Executive Officer of Grit, said:**

"We are pleased to announce this further increase of our stake in LLR, which represents an opportunity to utilise LLR's local expertise and to gain exposure to exciting asset management opportunities whilst significantly increasing our presence in Botswana, a key market for Grit's future growth. I look forward to working with Chikuni Shenjere-Mutiswa and the LLR team to expand its leading property portfolio and creating further value for shareholders in both Grit and LLR."

### **Chikuni Shenjere-Mutiswa, Chief Executive of LLR, said:**

"I'm proud of what LLR has achieved in the eight years since the company listed on the Botswana Stock Exchange. We are very excited about the prospects for the business through our collaboration with Grit as LLR becomes Grit's partner of choice for real estate in Botswana and the wider region, delivering strong portfolio growth, as well as a sustainable income stream for shareholders."

## OVERVIEW OF LLR

LLR, a variable loan stock company that listed on the Botswana Stock Exchange (the "**BSE**") on 15 June 2011, is a key player in the real estate market in Botswana.

At 30 June 2019, being the date of the last audited annual financial statements, LLR owned 20 properties worth BWP 774 million (c. US\$ 73 million), the majority of which are located in the greater Gaborone area. 56.2% of LLR's portfolio was in the industrial sector, 30.3% in retail, 6.3% in commercial and 6.2% in residential. LLR disposed of all its hospitality assets for a total consideration of BWP 235 million (c. US\$ 22 million) in the financial year ended 2019,

the proceeds of which will be deployed into LLR's pipeline of yield-enhancing investment opportunities. As at 30 June 2019, LLR had a loan-to-value ratio of less than 35%.

## **RATIONALE FOR THE PROPOSED TRANSACTION**

Botswana, as an investment jurisdiction, satisfies Grit's key investment criteria given its economic growth, politically sound environment, investment grade rating, availability of debt funding, ease of repatriation of funds and security around land tenure.

The Transaction is expected to help Grit increase its exposure to the Botswana property market with sufficient scale and corporate infrastructure and unlocks a strategic partnership with BDC as both an institutional investor in Grit and a potential co-investor in direct property opportunities throughout Africa.

BDC is a development finance institution founded in 1970, with the Government of Botswana as its sole shareholder. As the country's main agency for development, BDC remains the biggest investor in Botswana with total assets of BWP 4.1 billion (c. US\$ 394 million) as at 30 June 2018.

The Transaction enables further exposure to investment grade Africa, an increased weighting in the industrial sector and a strong platform for asset management opportunities in an exciting, stable and growing region. Furthermore, LLR's listing and track record on the BSE helps to provide Grit with access to new domestic capital markets.

## **SETTLEMENT OF PURCHASE CONSIDERATION, ADMISSION AND TOTAL VOTING RIGHTS**

The Purchase Consideration will be settled by the Company through the issuance and allotment of 9,839,511 Grit shares ("**Consideration Shares**"), equivalent to US\$ 13.8 million. The Consideration Shares will be held by BDC in dematerialised form. The issue price is US\$ 1.40 per Grit share, being the Company's last audited EPRA NAV per ordinary share at 30 June 2019, exclusive of dividends of US\$ 6.95 cents per share paid in November 2019.

Following the issue, the Consideration Shares will comprise approximately 3.1% of the enlarged issued share capital comprising of 316,235,546 Grit shares. Each Grit share carries one voting right and the figure of 316,235,546 may be used by the Company's shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest, or a change to their interest, in the share capital of the Company.

Subject to receipt of all relevant Exchange approvals, the Consideration Shares will be admitted to trading and listed on each of the Main Market of the London Stock Exchange plc, the Main Board of the JSE Limited and the Official Market of the Stock Exchange of Mauritius Ltd ("**Admission**") and Admission is expected to take place in November 2019. On Admission, the Consideration Shares will rank *pari passu* with the Company's existing ordinary shares.

## **FINANCIAL INFORMATION**

As at 30 June 2019, being the date of its last audited annual financial statements, the consolidated net asset value of LLR was BWP 744,056,542 (c. US\$ 70,090,126) and profits after tax for the year ended 30 June 2019 was BWP 53,073,048 (c. US\$ 4,990,145).

By Order of the Board

20 November 2019

## **FOR FURTHER INFORMATION PLEASE CONTACT:**

### **Grit Real Estate Income Group Limited**

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The Company's LEI is: 21380084LCGHJRS8CN05

**NOTES:**

Grit Real Estate Income Group Limited is a leading pan-African real estate company focused on investing in 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 is targeting a net total shareholder return inclusive of NAV growth of 12.0% p.a.\*

The Company currently holds primary listings on both the Main Market of the London Stock Exchange (LSE: GR1T) and on the Main Board of the Johannesburg Stock Exchange (JSE: GTR), while its listing on the Official Market of the Stock Exchange of Mauritius Ltd is termed as a secondary listing (SEM: DEL.N0000).

Further information on the Company is available at <http://grit.group/>

\* This is a target only and not a profit forecast and there can be no assurance that it will be met. Any forward-looking statements and the assumptions underlying such statements are the responsibility of the Board of directors and have not been reviewed or reported on by the Company's external auditors.

**Directors:**

Peter Todd<sup>+</sup> (Chairman), Bronwyn Corbett (Chief Executive Officer)\*, Leon van de Moortele (Chief Financial Officer)\*, Ian Macleod<sup>+</sup>, Nomzamo Radebe, Catherine McIlraith<sup>+</sup>, David Love<sup>+</sup>, Sir Samuel Esson Jonah<sup>+</sup>, and Bright Laaka (Permanent Alternate Director to Nomzamo Radebe)

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

**Company secretary:** Intercontinental Fund Services Limited

**Registered address:** c/o Intercontinental Fund Services Limited, Level 5, Alexander House, 35 Cybercity, Ebène, 72201, Mauritius

**Transfer secretary (South Africa):** Computershare Investor Services Proprietary Limited

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

**Corporate advisor and JSE sponsor:** PSG Capital Proprietary Limited

**SEM authorised representative and sponsor:** Perigeum Capital Ltd

This notice is issued pursuant to the LSE Listing Rules, JSE Listings Requirements, SEM Listing Rule 11.3 and the Mauritian Securities Act 2005. The Board of the Company accepts full responsibility for the accuracy of the information contained in this communiqué.