

**PERIGEUM CAPITAL INTERVIEW
SERIES : QUESTIONS TO MS.
BRONWYN KNIGHT, CHIEF
EXECUTIVE OFFICER OF GRIT
REAL ESTATE INCOME GROUP**



Following the success of our weekly newsletter, we decided on the launch of a new interview series where we invite you to discover the journey and success of our clients and business partners. Perigeum Capital is excited to feature one of its listed clients Ms. Bronwyn Knight, Chief Executive Officer of Grit Real Estate Income Group Limited (Grit) as she discusses various recent corporate actions executed by the Group.

Grit is a leading pan-African real estate company focused on real estate investment assets in pre-selected African countries (outside of South Africa), these assets being underpinned by predominantly US Dollar and Euro denominated long-term leases with high quality tenants, and delivering strong sustainable income. Grit has been present in Mauritius since 2015 and currently has its primary listing on the premium segment of London Stock Exchange main market and a secondary listing on the Stock Exchange of Mauritius official market.

We wish you a pleasant read.

1. WHAT WERE THE MOTIVES BEHIND GRIT REAL ESTATE INCOME GROUP LIMITED (GRIT)'S TRANSFER TO A PREMIUM LISTING?

A key driver for Grit seeking a London Premium Listing is to facilitate its Ordinary Shares becoming eligible for inclusion in the FTSE indices and achieving greater liquidity in shares over time. Issuers listed in the Premium Listing segment are required to meet the UK's highest standards, which are higher than the EU minimum requirements and this provides investors with best-in-class corporate governance and protections.

As part of this migration, Grit's corporate seat moved to Guernsey as being domiciled in a British territory is a prerequisite for inclusion in the FTSE indices. The Company's operations, physical head office and domicile of the main operational company, Grit Services Limited, remain in Mauritius along with the majority of the Company's staff and its place of effective management.

The LSE provides access to Europe's deepest pool of capital. Its Main Market is a world leading market for the admission and trading of equity, debt and other securities, with more than 1 000 companies from 100 countries listed on the exchange, including many of the world's largest, most successful and dynamic companies. Underpinned by London's balanced and globally respected standards of regulation and corporate governance, the Main Market represents a badge of quality for every company admitted to and traded on it, and admission remains an aspiration for many companies worldwide.

Grit remains proudly African and provides access to exciting and growing African markets via its Premium Listing on the London Stock Exchange and Secondary Listing on the Stock Exchange of Mauritius Ltd, where it remains a constituent of the SEM10 Index.

2. WHICH CHALLENGES DO YOU EXPECT TO FACE FOLLOWING THIS NEW ACHIEVEMENT IN GRIT'S JOURNEY?

Despite managing the business through a year of tremendous turmoil, we delivered on a number of notable achievements. Achieving a Premium Listing on one of the world's most governed exchanges ranks amongst our greatest milestones to date and the fact that we are one of only a few African companies, the only Mauritian one, and women-led is even more encouraging.

From an operational point of view, managing a portfolio across multiple jurisdictions is a challenge with travel restrictions as a result of Covid-19 further complicating matters. Although a Premium Listing doesn't change these challenges, there is more of a responsibility on management to ensure proper protocols and processes are in place to guarantee business continuity. In this regard property technology plays a huge role, as does our on-the-ground presence and network in each country of operation.

We have also added additional stakeholders to the investment portfolio and will be targeting to reach a broader retail investor base in the UK, which present both real opportunities (given the amount of retail money that is invested in the UK) but also challenges to travel to remote parts of the country and to engage with numerous potential stakeholders, which are also being complicated by lockdown measures because of Covid-19.

Finally, we will have far greater oversight in all our acquisitions and dealings, since post our Premium Listing step-up, Chapter 10 & 11 of the Listings Requirements become applicable to us. These chapters deal with UK Financial Conduct Authority (FCA) sign-off and assessment on all significant and related party deals.

3. HOW HAVE YOUR ASPIRATIONS FOR GRIT CHANGED FROM THE DATE OF INCEPTION TILL TODAY?

Our aspirations are still to be recognized as the leading pan-African real estate company focused on investing in and actively managing a diversified portfolio of assets in carefully selected African countries. In this regard we have pioneered several concepts such as focusing on counter party strength and being contrarian when it comes to asset class and countries of investment.

We continue to enjoy strong support from our anchor shareholders but have become more refined in our approach to achieving our goals, with the optionality of co-investment and property management services as

well as the participation in pre-funded property development transactions in addition to our core investment into completed income producing properties under long US\$ or Euro denominated leases.

4. HOW WELL POSITIONED IS GRIT FOLLOWING ITS MOVE TO THE PREMIUM LISTING IN THE LIGHT OF THE PREVAILING PANDEMIC CONDITIONS AND EXPECTED RECOVERY?



Covid-19 has created a challenging backdrop, which has impacted Grit's business over the past six months, but we are continuing to take actions to ensure the Group remains financially robust with sufficient financial headroom and further strengthen its position to successfully navigate this period of economic uncertainty.

The pandemic has resulted in a reassessment of many aspects of life including the way business is conducted across the globe. A redefinition of "normal" is at the forefront of business, and management teams have had to proactively embrace the ever-changing world and the opportunities that will present themselves.

Changing real estate trends as a result of the pandemic are not necessarily uniformly comparable across the globe. As "work from home" becomes the "new normal" in the developed markets, questions have been raised on the long-term impacts on specifically the demand for office space. Although influenced by the global trends, Africa has other contributing factors such as limited access to quality internet connection, security of corporate data and company assets which often influence real estate demands to a far greater extent. The "work from home" concept has neither been viable nor practical in many developing countries, which has been demonstrated by staff employed by our tenants in the Grit portfolio returning to their normal place of work post the government-imposed lockdowns.

I am greatly encouraged by the response of my team across all levels, who delivered many significant achievements despite considerable challenges, including managing a pan-African portfolio remotely.

However, Grit's strategy of high-quality assets leased to very strong tenant covenants helped to ensure that Grit was resilient. We continue to concentrate on preserving the resilience and financial strength of the Company for the short and longer term with significant strategic progress made during the period.

Whilst we are maintaining an appropriately cautious stance in light of potential longer-term effects from COVID-19 on our tenants and the wider economy, we remain confident of our strategy to unlock superior total returns for investors in the medium to longer term.

With our expertise in African real estate, and our team's experience, knowledge, skill sets and relationships in various regions, we will continue to optimise assets and create value through proactive asset management and risk-mitigated pre-funding models to support NAV growth. In addition, we will continue to selectively pursue high-quality, diversified and yield accretive acquisition pipeline, supported by a strong tenant base and possible co-investment opportunities.

As a management team, we are under no illusions about the challenges ahead. However, I am confident that we are well positioned and that the steps we are taking today will not only safeguard Grit for the near term but ensure that we proactively seize the opportunities that are inevitably arising from these times.

5. GRIT'S PRESENCE IN MAURITIUS HAS UPHELD THE REPUTATION OF MAURITIUS AS A DESTINATION OF REPUTE. WOULD YOU CONSIDER THAT ENOUGH IS BEING DONE CURRENTLY TO ATTRACT THE RIGHT PLAYERS INTO THE MAURITIUS INTERNATIONAL FINANCIAL CENTRE?

The comparative advantage that Mauritius offers is second to none. Mauritius has an excellent legal framework and the Privy Council adds further credence to an independent judiciary – an important consideration for a foreign investor.

The Economic Development Board (EDB) is doing sterling work in promoting ease of doing business in the country and connecting foreign investment capital with local opportunities. As a company focusing on an Africa role play, there is no better jurisdiction that offers the same quality of comprehensive services and comparative advantages than Mauritius. It also has Investment

Promotion and Protection Agreements with 23 African countries.

These qualities attract both corporates and countries with an interest in Africa, such as India, China and Hong Kong, positioning Mauritius as a gateway into the continent.

Business and government should work closely together in finding sustainable solutions to drive the economy. In the aftermath of Covid-19, our challenge to revive the economy is collective – it's not just government's responsibility.

6. HOW IMPORTANT TO GRIT IS THE CURRENT LISTING ON THE OFFICIAL MARKET OF THE SEM? DO YOU FORESEE ANY FURTHER LISTINGS IN OTHER JURISDICTIONS IN THE NEAR FUTURE?



As a proud Mauritian-based company, we have a strong following on the SEM with many foreign shareholders holding their shares in Grit on this exchange. We are rated 4th in the Top 10 index of the SEM and were the first international business to trade in rupees on the SEM. Our listing on the SEM is therefore very important to us and we intend to stay listed on this market.

We have no intentions to list the Company in any other jurisdictions in the near future. We were previously listed on the JSE and in our experience, maintaining these listings become very onerous, especially from a corporate action cost point of view, with limited trading liquidity eroding the business case for splitting our shares across three exchanges. It therefore makes business sense to keep our listings consolidated on the SEM and LSE to support greater liquidity and lower cost of capital.

7. FROM THE LAST ANNOUNCEMENT RELEASED BY GRIT, WE UNDERSTAND THAT THE COMPANY IS REDOMICILING TO GUERNSEY. HOW WOULD THIS AFFECT YOUR OPERATIONS IN MAURITIUS?



Grit redomiciled its corporate seat (Grit Real Estate Income Group Limited) to Guernsey as being domiciled in a British territory is a prerequisite for inclusion in the FTSE indices.

The redomiciliation of the Company is not expected to have any impact on the day-to-day operations of the Group, with such activities continuing to be principally located in Mauritius. Grit Services Limited (GSL), a 100% held subsidiary of the listed holding company employs 57 individuals, 37 of whom are Mauritian nationals with the balance being expatriates who have relocated to the island.

The executive team and their families have been domiciled in Mauritius for the past five years. Grit's rationale to operate from Mauritius remains unchanged and it is intended for GSL to remain Mauritian incorporated and domiciled post Migration.

The Company is further expected to maintain its tax residency in Mauritius. Mauritius is positioned as the gateway to the continent, attracting interest from Africa focused investment funds. Grit's ability to engage with these institutions has underpinned its ability to diversify both its investment and funding base, rendering fund raising more attractive.

Following Grit's delisting from the JSE in 2020, most Shareholders on the South African register opted to retain their Ordinary Shares and move their holdings to either the LSE or the SEM. Post delisting, 65% of the Company's issued share capital is currently held on the SEM. Grit has formed numerous partnerships with key industry players in Mauritius, especially in the hospitality sector. The ongoing engagement with these partners remains an important underpin to its growth strategy in the sector.

Grit continues to invest in Mauritius with healthcare assets as well as a new corporate head office forming part of its a significant asset pipeline on the island.

8. A WORD OF ADVICE FOR OTHER COMPANIES ASPIRING TO EMBARK ON A SIMILAR JOURNEY.

Africa has been relatively less affected by Covid-19, although the impacts remain significant across most sectors. I think that some real growth opportunities remain, but companies will have to be more discerning around asset classes and areas they invest in.

I cannot overemphasise the importance of having the right partners for the journey. This includes supportive anchor shareholders and a board who have bought into the vision, knowledgeable and pragmatic local advisors and partners who understand the local business nuances and laws, as well as staff who are committed beyond measure.

Equally important is to do things right the first time – there are no shortcuts, as these will invariably become obstacles down the line when one can afford it least.

Finally, a positive attitude and surrounding yourself with people with ambition for the continent and the business is critical to success.

***Disclaimer:** The information in this document was prepared to provide our partners with insights into the journey of our clients and business partners. This document is not an invitation to the public to subscribe for shares in Grit and is provided for information purposes only. While all reasonable care has been taken in the preparation of this document, Perigeum Capital accepts no responsibility for any errors it may contain, whether caused by negligence or otherwise, or for any loss, however caused, sustained by any person that relies on it.*

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