

GRIT REAL ESTATE INCOME GROUP LIMITED

(previously known as Mara Delta Property Holdings Limited)

(Registered by continuation in the Republic of Mauritius)

(Registration number: C128881 C1/GBL)

SEM share code: DEL.N0000

JSE share code: GTR

ISIN: MU0473N00036

("Grit")



STRATEGIC PARTNERSHIP TO ACQUIRE 50% OF SINGLE-TENANTED BUILDING IN ACCRA, GHANA, FULLY OCCUPIED BY A MULTINATIONAL OIL AND GAS COMPANY

1. INTRODUCTION

- 1.1. Shareholders are hereby notified that on 26 March 2018, Grit through its wholly-owned subsidiary Grit Accra Limited incorporated in Ghana ("**Grit Accra**"), signed a binding Heads of Agreement ("**HoA**") with, *inter alia*, CADS Contract and Services Ltd (the "**Seller**"), and CADS Developers Limited, incorporated in Ghana (the "**Company**") for the acquisition of 50% ownership of an office complex known as the CADS II Building, a commercial building located on the 1.50 acres parcel of land referenced as Plot no. 70 Block 06 Section 112 on the George Walker Bush Highway in North Dzorwulu, Accra, Greater Accra, Ghana ("**Property**") and the corresponding rental enterprise on the Property as a going concern ("**Rental Enterprise**") (both to be held in the Company) (together "**Business**"), from the Seller.
- 1.2. Accordingly, the Company, which will be co-owned in equal shares by Grit Accra and the Seller (together, the "**Parties**"), will own the Business.
- 1.3. The Seller is a property development and facilities management company based in Accra, Ghana.

2. RATIONALE FOR THE ACQUISITION

- 2.1. The following salient points of the acquisition of the Business ("**Acquisition**") should be highlighted:
 - 2.1.1. following the recent announcement of the proposed acquisition of the office complex known as 5th Avenue Corporate Offices, this Acquisition would be Grit's second landmark acquisition into Ghana;
 - 2.1.2. the Acquisition meets the rigid investment criteria guiding acquisitions of properties with international blue-chip tenants underpinned by dollar-based leases;
 - 2.1.3. this Acquisition is in line with Grit's investment strategy:
 - 2.1.3.1. to position itself as a real estate partner to multinational companies committing to Ghana's expanding economy, in order to meet their corporate real estate needs;
 - 2.1.3.2. to leverage on local and strategic partnerships and knowledge to achieve better efficiency and value proposition for its tenants;
 - 2.1.3.3. to minimise exposure to operations requiring extensive resources by targeting properties with dollar-based triple-net leases; and
 - 2.1.3.4. to bring further diversification to Grit's existing portfolio.
 - 2.1.4. the Property is wholly let to a multinational gas and oil exploration company with a primary listing on the London Stock Exchange and a secondary listing on the Ghana Stock Exchange with large oil discoveries in Ghana and other West Africa regions.

- 2.1.5. the Acquisition will be made by Grit Accra, based in Ghana, which is 100% owned by Delta International Mauritius Limited (“**DIML**”), which in turn is a 100% owned subsidiary of Grit.

3. PURCHASE CONSIDERATION

- 3.1. The Seller will sell the Business as a going concern for US\$36,000,000 (the “**Purchase Consideration**”) to the Company, of which Grit Accra will, following the date of transfer of the Business to the Company, own a 50% shareholding.
- 3.2. The Purchase Consideration shall be financed as follows:
 - 3.2.1. through an equity injection in the Company of \$21,000,000 (50% by both the Seller and Grit Accra); and
 - 3.2.2. debt financing of \$15,000,000.

4. CONDITIONS PRECEDENT

- 4.1. The Acquisition will be subject to the following conditions precedent (“**Conditions Precedent**”) *inter alia*:
 - 4.1.1. the board of directors and the investment committee of Grit Accra approving and ratifying the conclusion of the HoA and all other agreements and transactions contemplated therein;
 - 4.1.2. written confirmation of the completion of a technical, legal and financial due diligence on the Company and the Business, to the satisfaction of Grit Accra and remedial work to be attended to by the Seller at the Seller’s cost and to the satisfaction of Grit Accra;
 - 4.1.3. conclusion of the sale of the shares in the Company at par value to Grit Accra and the Seller;
 - 4.1.4. conclusion of the relevant transaction documents;
 - 4.1.5. confirmation by the Seller to the satisfaction of the Company and Grit Accra that the Seller is unconditionally entitled to sell the Property to the Company in accordance with the terms of the HoA;
 - 4.1.6. confirmation of consent to the transfer of the land lease by the Lands Commission;
 - 4.1.7. the parties to the HoA securing all necessary authorizations, consents and regulatory approvals including any authorizations required to allow the Company to remit dividends and or any other payments, to DIML;
 - 4.1.8. to the extent required by the lease, the Seller obtaining the relevant clearances to acquire the Property and undertaking to cede and assign the lease to the Company prior to the sale of the Property to the Company;
 - 4.1.9. the Seller warranting the payment of indicating that it has paid any and all VAT, income tax on the rent and service charges, property rates, rental withholding tax due and payable or any other applicable taxes in respect of the rental income and property expenses due as at the date of transfer of the Property or 30 June 2018, whichever occurs later;
 - 4.1.10. the Seller providing warranty and indemnity that guarantees no liability to the Company and Grit Accra for any reporting issues, non-compliance to service level agreements, breach or shortfall of the Seller’s key performance indicators with regards to the maintenance service level which have occurred retrospectively and till the date of transfer of the Property; and

4.1.11. the Seller confirming that the cession and assignment or renewal of all the maintenance service level contracts currently in place to the Company, this ensuring that all the key performance indicators and any other maintenance service level requirements referenced in the lease are fulfilled.

4.2. The conditions subsequent are as follows:

4.2.1. the Company securing the necessary bank finance on terms mutually agreed between the Parties;

4.2.2. amendment of the lease with the existing tenant to extend the existing lease agreement for 5 years and an option to renew for an additional 5-year period on the terms and conditions stipulated in the HoA.

5. EFFECTIVE DATE

The effective date of the transaction is the date on which the Property is transferred to the Company (“**Effective Date**”).

6. WARRANTIES AND OTHER MATERIAL TERMS

The Seller and the shareholder of Seller provided the Purchaser with warranties and indemnities standard for a transaction of this nature.

7. THE PROPERTY

7.1. The details of the Property are as follows:

Property Name and Address	Geographical Location	Sector	Gross Leasable Area (GLA) (m ²)	Weighted Average Gross Rental/m ² /pm (USD)
CADS II Building, George Walker Bush Highway, North Dzorwulu, Accra	Ghana	Office	7,262	35

7.2. Details regarding the Property, as at the expected Effective Date, are set out below:

Purchase Yield Attributable to Shareholders (Annualised)	Weighted Average Escalation	Weighted Average Lease Expiry in Years	Vacancy % by Gross Lettable Area
8.46%	2% (after 2 nd Year of the lease)	10	0%

Notes:

- The total costs associated with the Acquisition are estimated at USD 212,000 which would be settled in cash.
- The Property has been valued, as at 30 January 2018 by Mike Dwimoh, Member of the Royal Institute of Chartered Surveyors (Reg No.116647) on behalf of Ben Dwimoh & Co at USD 36,650,000.

8. FORECAST FINANCIAL INFORMATION OF THE ACQUISITION

8.1. The forecast financial information relating to the Acquisition for the financial periods ending 30 June 2018 and 30 June 2019 are set out below. The forecast financial information has not been reviewed or reported on by a reporting accountant in terms of section 8 of the JSE Listings Requirements and Chapter 12 of the SEM Listing Rules and is the responsibility of Grit's directors. The forecast for the Company is detailed below, 50% which will be attributable to Grit and will be equity accounted as an associated company.

8.2.

	Forecast for the 1-month period ending 30 June 2018 (USD)	Forecast for the 12-month period ending 30 June 2019 (USD)
Revenue – contracted income	297,742	3,584,814
Revenue – uncontracted income	-	-
Near contracted revenue	-	-
Non-rental revenue	-	-
Operating expenses	(43,636)	(530,311)
Operational net income	254,106	3,054,504
Net profit after finance costs and tax	(153,267)	1,964,826
Earnings available for distribution	160,043	1,925,707
Forecast distribution	160,043	1,925,707

Notes:

- a) Contracted income is based on current signed leases and assumes any lease that may expire during the period is renewed on the terms and conditions guaranteed by the Seller.
- b) There is no uncontracted revenue or near contracted revenue in this Acquisition.
- c) The net profit after tax excluding fair value adjustment is equal to the above earnings available for distribution. The earnings available for distribution, adding back the debt amortisation fee being a non-cash item and less the tax prepayment, is equal to the forecast distribution.
- d) Transfer date is estimated as 1 June 2018.
- e) The Acquisition is anticipated to enhance the Company's previously forecasted distributions as from the financial year 2018.

9. CATEGORISATION

9.1. The Acquisition is uncategorised in terms of the JSE Listings Requirements and the information contained in this announcement has been voluntarily disclosed by Grit.

9.2. The Acquisition constitutes an undertaking in the ordinary course of business of Grit and therefore does not fall under the scope of Chapter 13 of the SEM Listing Rules.

26 March 2018

JSE sponsor and corporate advisor to Grit



SEM Authorised Representative and Sponsor to Grit



Directors: Sandile Nomvete (chairman), Bronwyn Corbett*, Peter Todd (lead independent), Chandra Gujadhur, Ian Macleod, Leon van de Moortele*, Matshepo More, Nomzamo Radebe and Catherine McIlraith (*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

JSE sponsor: PSG Capital Proprietary Limited

Sponsoring Broker: Axys Stockbroking Limited

SEM authorised representative and sponsor: Perigeum Capital Ltd

This notice is issued pursuant to the 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.