

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")



ACQUISITION OF SHAREHOLDING IN A DIVERSIFIED, BLUE CHIP AND MULTI-TENANTED OFFICE BLOCK IN UPMARKET REGION IN ACCRA, GHANA

1. INTRODUCTION

- 1.1. Shareholders are hereby notified that on 13 April 2018, Grit and its wholly-owned subsidiary, Grit Accra Limited incorporated in Ghana ("**Grit Accra**"), signed a Sale of Shares Agreement ("**Sale of Shares Agreement**") with Mobus Properties (Ghana) Limited, a company incorporated in Ghana (the "**Seller**"), Capital Place Limited, a company incorporated in Ghana (the "**Company**") and Sir Samuel Esson Jonah ("**Sir Samuel Jonah**") for the acquisition of 47.5% of the issued shares of the Company from the Seller and all claims of the Seller against the Company ("**Acquisition**"), which Company owns an office complex known as Capital Place, a three-building complex located on a 1.88 acre parcel of land referenced as Plot no. 8A 31, Patrice Lumumba Road, Airport Residential Area, Accra, Greater Accra, Ghana ("**Property**").
- 1.2. The Seller is a privately-held Ghanaian property investment, development and management company, focusing on commercial and residential property development, which is ultimately wholly owned by Sir Samuel Jonah.

2. RATIONALE FOR THE ACQUISITION

- 2.1. The following salient points of the Acquisition should be highlighted:
 - 2.1.1. following the recent announcements of the proposed acquisition of the office complex known as 5th Avenue Corporate Offices and a 50% stake in the CADS II Building, this Acquisition will be another acquisition of prime office property in Ghana to augment a strong in-country portfolio and allow a partnership of Grit and the Seller on future real estate opportunities and the Seller's property developments including Capital Place;
 - 2.1.2. the Acquisition meets the rigid investment criteria guiding acquisitions of properties with strong 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 multi-jurisdictional blue-chip tenants in order to meet their corporate real estate needs;
 - 2.1.3.2. to reach a reasonable operation size in Ghana in order to achieve sufficient economies of scale and maximise efficiency in-country; and
 - 2.1.3.3. to bring further diversification to Grit's existing portfolio.
 - 2.1.4. The Acquisition also marks the partnering of Grit with Sir Samuel Jonah's company, Mobus Properties (Ghana) Limited, which will work jointly with Grit West Africa, the asset management arm of Grit in Ghana, to provide integral asset management services.

- 2.1.5. 45% of the gross lettable area is let to a subsidiary of the largest independent insurer in South Africa. Other notable tenants include worldwide shipping and international construction companies.
- 2.1.6. The Seller is taking Grit shares as consideration so as to have vested interest in Grit with a long-term view of growth together.
- 2.1.7. Sir Samuel Jonah is one of Africa’s most prominent businessmen, a giant in global business, and internationally recognized as a leading business executive. He was appointed Chief Executive Officer of Ashanti Goldfields Company Limited in 1986 and oversaw its growth from a one-mine operation into a multinational. In 1996, Ashanti, which had listings on the London Stock Exchange and the Ghanaian Stock Exchange, became the first operating African company to be listed on the New York Stock Exchange. He became Executive President of AngloGold Ashanti Ltd (the world’s second largest gold producer) in May 2004 when Ashanti was merged with AngloGold Limited. He is currently the Executive Chairman of Jonah Capital Limited.

3. PURCHASE CONSIDERATION

- 3.1. The acquisition price has been determined as the adjusted net asset value of the Company.
- 3.2. Grit will finance the Acquisition through the issue of new Grit shares, amounting to USD8,500,000, issued at the last published net asset value per share, net of dividend, of US\$1.5267 per share. Accordingly, 5,567,564 new shares will be issued to the Seller with no entitlement to dividends prior to the issue of such shares. The new shares will be listed on the Official Market of the Stock Exchange of Mauritius Ltd (“SEM”) and the main board of the JSE Limited (“JSE”).

4. EFFECTIVE DATE

The effective date of the Acquisition is 15 April 2018 (“Effective Date”).

5. WARRANTIES AND OTHER MATERIAL TERMS

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

6. THE PROPERTY

- 6.1. 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)
Capital Place Offices, Patrice Lumumba Road, Airport Residential Area, Accra	Ghana	Office	4,944	37.69

- 6.2. 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
8.58%	4.98%	5.02	0

Notes:

- a) The total costs associated with the Acquisition are estimated at approximately US\$ 248,000 which would be settled in cash.

7. FORECAST FINANCIAL INFORMATION OF THE ACQUISITION

- 7.1. 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's contribution to Grit is detailed below (47.5% of the Company profits will be attributable to Grit and will be equity accounted as an associated company).

	Forecast for the 2-month period ending 30 June 2018	Forecast for the 12-month period ending 30 June 2019
	(USD)	(USD)
Revenue – contracted income	210,242	1,319,040
Revenue – uncontracted income	-	-
Near contracted revenue	-	-
Non-rental revenue	-	-
Operating expenses	(36,950)	(224,745)
Operational net income	173,292	1,094,294
Net profit after finance costs and tax	33,951	772,873
Earnings available for distribution	125,057	804,670
Forecast distribution	125,057	804,670

Notes:

- a) Contracted income is based on current signed leases, assumes any lease that may expire during the period is renewed on the terms and conditions guaranteed by the Seller and provision lease signing as provided by the HoA.
- b) There is no uncontracted revenue or near contracted revenue in this Acquisition.
- c) Transfer date is estimated as 15 April 2018
- d) The Acquisition is anticipated to enhance Grit's previously forecasted distributions as from the financial year 2018.

8. CATEGORISATION

- 8.1. The Acquisition is uncategorised in terms of the JSE Listings Requirements and the information contained in this announcement has been voluntarily disclosed by Grit.
- 8.2. 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.

JSE sponsor and corporate advisor to Grit



SEM Authorised Representative and Sponsor to Grit



Directors Peter McAllister Todd* (Chairman), Bronwyn Anne Corbett (Chief Executive Officer)*, Leon Paul van de Moortele (Chief Financial Officer)*, Ian Donald Macleod+, Paul Laurence Huberman+, Faith Matshepo More, Nomzamo Radebe and Catherine McLraith+ (* *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

JSE sponsor: PSG Capital Proprietary Limited

Sponsoring Broker: Axy's Stockbroking Ltd

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.