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**" or "**the Company**")

ACQUISITION OF AN A GRADE CORPORATE RESIDENTIAL ESTATE LEASED TO EMBASSY AND MULTINATIONAL OIL COMPANY

1. INTRODUCTION

1.1. Shareholders are hereby notified that on 13 April 2018, Grit signed a binding Heads of Agreement ("**HoA**") with TC Maputo Properties Limited, incorporated in Mauritius ("**TC Maputo**"), Tradehold Africa Limited, incorporated in Mauritius ("**Tradehold**"), Cognis 1 Limitada, incorporated in Mozambique ("**Cognis**"), and three individuals, namely, Adamo Valy ("**AV**"), Stuart Hulley-Miller ("**SM**") and Colin Taylor ("**CT**") (collectively, the "**Consortium**" and together with Tradehold, the "**Sellers**"), in terms of which Grit, through its subsidiaries, namely, Commotor Limitada, Delta International Mauritius Limited and Mozambique Consultancy FZ ("**Grit Subsidiaries**"), will acquire from the Sellers an effective interest of 80.1% in Cognis, the sole owner of an A grade corporate residential complex known as Acacia Estate, located in Zone 5 A/B, Area da Costa do Sol, Maputo in Rua do Rio Inhamiara Road, Mozambique (the "**Property**") and the corresponding rental enterprise conducted on the Property ("**Rental Enterprise**"), as a going concern (the "**Acquisition**").

1.2. The Acquisition will be executed through acquiring shares directly in Cognis and indirectly through the purchase of shares in TC Maputo, an 85% shareholder of Cognis. Grit's effective 80.1% ownership of Cognis will be secured as follows:

1.2.1. Grit or its nominee (the "**Purchaser**") will acquire 15% of the shares in Cognis; and

1.2.2. the Purchaser will acquire 76.6% of the shares in TC Maputo, effectively owning of 65.1% in Cognis.

2. RATIONALE FOR THE ACQUISITION

2.1. The following salient points of the Acquisition should be highlighted:

2.1.1. the underlying property is a premium asset and it meets Grit's investment criteria of international blue-chip tenants underpinned by dollar-based leases;

2.1.2. it is a strategic acquisition and results in a further sectorial diversification of Grit's existing portfolio; and

2.1.3. the complex is anchored by tenants occupying 98% of the gross lettable area these tenants are primarily a reputable state organisation and multinational petroleum company.

3. PURCHASE CONSIDERATION

3.1. The Purchaser shall pay to the Sellers a total consideration of USD 23,451,133, to be allocated as follows:

3.1.1.	equity acquisition (effective 80.1%)	: USD 12,275,335
3.1.2.	existing shareholder loans	: USD 11,175,798
3.1.3.	total quantum paid by Grit to the Sellers	: **USD 23,451,133**

3.2. The Purchaser shall acquire the shares in TC Maputo and Cognis from the Sellers for USD 12,256,285, to be settled partly in cash and partly by issuing Grit shares to the Sellers, as follows:

3.2.1. a cash payment of USD 9,195,392 will be made to Tradehold on the Payment Date, as defined below; and

3.2.2. Grit shares equating to USD 3,079,943 shall be issued and allotted to the Consortium. Accordingly, 2,017,386 new Grit shares shall be issued at the last published net asset value per share (net of dividends) of USD 152.67 cents with no entitlement to dividend prior to the issue of such share. The new Grit shares will be listed on the Official Market of the Stock Exchange of Mauritius Ltd ("**SEM**").

3.3. The existing shareholder loans of USD 11,175,798 shall be settled in cash by the Purchaser.

4. CONDITIONS PRECEDENT

4.1. The Acquisition will be subject to the fulfilment of the following conditions precedent ("**Conditions Precedent**") by no later than 31 May 2018 or such other later date as agreed to by the Parties in writing:

4.1.1. written confirmation that Grit has concluded a comprehensive and independent due diligence exercise to its satisfaction on each TC Maputo, the Company the Property;

4.1.2. completion by the Purchasers of a final independent valuation of the Property;

4.1.3. signing of an agreement entitled "TC Maputo Sale and Purchase Agreement" by the Purchaser, SM, CT, Tradehold and TC Maputo and an agreement entitled "Cognis Sale and Purchase Agreement" by the Purchaser, AV and the Company;

4.1.4. signing of an agreement entitled "Rental Guarantee Agreement" by all the relevant parties;

4.1.5. signing of an agreement entitled "Shareholders Loan Agreement" by all the relevant parties;

4.1.6. the Sellers having obtained advice to their satisfaction from their tax and legal advisors on the structuring of the transaction;

4.2. By no later than the long stop date, being 30 June 2018, or other such later date as the Parties agree to in writing:

4.2.1. confirmation in writing delivered by Grit that Grit has succeeded in obtaining the written consent of the current financiers to the change of shareholding in the Company and in TC Maputo, and the release of current guarantees as contemplated in the transaction;

4.2.2. written approval of the transaction documents by Grit's investment committee and board of directors;

4.2.3. approval by the Central Bank of Mozambique of the inward equity from Grit Subsidiaries;

4.2.4. approval of any competition authority as required;

4.2.5. any regulatory approvals as may be required for the Company and TC Maputo;

4.2.6. written waiver by tenants of the Property of (a) any pre-emptive rights; and (b) all rights to terminate as a consequence of the transaction, to the extent that such waivers may be required in certain lease agreements, the Purchasers financiers or in terms of Mozambican Law;

5. RENTAL GUARANTEE

5.1. The Sellers shall provide the Purchaser with a rental guarantee for a maximum period of 3 years from the Effective Date (as defined below) ("**Guarantee Period**").

5.2. In terms of the HoA, the intention of the rental guarantee is to place Cognis in the position it would have been in had it received rental in the amount of USD3,625 per unit together with condominium levies of USD375 per unit per month, in respect of the vacant units on the Property ("**Guaranteed Rental**").

5.3. In the event that the vacant units on the Property remains vacant and unlet, or if it is let at below the Guaranteed Rental, the Sellers shall jointly (but not jointly and severally) be required to pay to the Purchaser the difference between the rental received in respect of a vacant unit each month during the Guaranteed Period and the Guaranteed Rental, excluding applicable taxes, but including any condominium charge payable in respect of the vacant units ("**Guaranteed Amount**").

5.4. The Guaranteed Amount shall be payable quarterly in advance during the Guarantee Period.

5.5. The Guaranteed Amount shall be reduced by the value of any new qualifying lease during the Guarantee Period.

6. **EFFECTIVE DATE**

The effective date of the Acquisition is 1 June 2018 (the "**Effective Date**"). The purchase consideration will be settled on first business day following the day on which the Conditions Precedent are fulfilled or waived (the "**Payment Date**").

7. WARRANTIES AND OTHER MATERIAL TERMS

The Sellers provided the Purchaser with warranties and indemnities standard for a transaction of this nature on the operations of Cognis, TC Maputo and the Property.

8. THE PROPERTY

8.1. 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)
Zone 5 A/B, Area da Costa do Sol, Maputo in Rua do Rio Inhamiara Road	Mozambique	Corporate Residential	18,400	23.8

8.2. 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
8.25%	3%	5.2 years	0%

Notes:

a) The total costs associated with the transaction are estimated at USD 364,000 which would be settled in cash; and

b) An independent preliminary valuation of the Property conducted by Jones Lang LaSalle as 1 June 2018 amounts to USD 60,400,000.

9. FORECAST FINANCIAL INFORMATION OF THE ACQUISITION

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.

	Forecast for the 1-month period ending 30 June 2018	**Forecast for the 12-month period ending 30 June 2019**
	(USD)	**(USD)**
Revenue – contracted income	424,021	5,216,989
Revenue – uncontracted income	-	-
Near contracted revenue	-	-
Non-rental revenue	-	-
Operating expenses	-64,523	-788,143
Operational net income	359,498	4,428,846
Net profit after finance costs and tax	215,411	2,671,833
Earnings available for distribution	215,411	2,671,833
Forecast distribution	215,411	2,671,833

Notes:

a) The above forecast is based on the full return of Cognis, of which Grit will effectively own 80.1%;
b) Contracted income is based on current signed leases, and assumes any lease that may expire during the period is renewed on the same terms and conditions;
c) There is no uncontracted revenue or near contracted revenue in this Acquisition;
d) The net profit after tax excluding fair value adjustment is equal to the above earnings available for distribution; and
e) The Acquisition is anticipated to enhance the Company's previously forecasted distributions as from the financial year 2018.

10. CATEGORISATION

10.1. The Acquisition qualifies as a category 2 acquisition for Grit in terms of the JSE Listings Requirements.

10.2. 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.

13 April 2018

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 McIlraith[+] (** 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: 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.