

**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")



## PIPELINE ACQUISITIONS UPDATE

Further to the Company's Trading Update on 26 June 2019 and the circular distributed to Grit shareholders ("**Shareholders**") on 11 September 2019 ("**Circular**"), the board of Directors (the "**Board**") is pleased to announce further details pertaining to the Group's attractive pipeline of potential investment opportunities with existing tenants and other multi-national companies operating across the African continent. ("**Investment Pipeline**").

Grit has concluded commercially binding, but conditional, agreements on a number of target acquisitions ("**Target Acquisitions**"), most of which are regarded as category 2 transactions in terms of the JSE Listing Requirements, and, as such, the Company is required to announce salient details which are included below. These Target Acquisitions will facilitate further diversification of the Company's portfolio and exposure to high-quality multi-national tenants, underpinned by predominantly US\$ and Euro denominated long-term leases.

Announcements related to these Target Acquisitions and the remainder of the Investment Pipeline, as described in the Circular, will be made in due course. Investments that form part of this announcement, of which Grit's proportionate investment value is US\$ 103.5 million, are summarised below.

Property name	Country	Sector	Type	Weighted average gross rental **	Weighted average lease expiry (years)	Net Property Yield	Interest acquired	Total Asset Value/ Dev. Cost * (US\$M)
PwC Head Office	Ghana	Corporate offices	Sale and leaseback	US\$28.00	11.9	8.5%	50.0%	20.3
Huawei Head Office	Ghana	Corporate offices	Sale and leaseback	US\$27.00	4.2	9.0%	50.0%	13.6
St Helene Hospital	Mauritius	Healthcare	Pre-funded acquisition	US\$20.31	15.0	10.5%	86.6%	13.3
Coromandel Hospital	Mauritius	Healthcare	Pre-funded acquisition	US\$20.52	15.0	10.5%	86.6%	23.4
Orbit Warehouse	Kenya	Light Industrial	Sale and leaseback	US\$7.12	25.0	9.24%	80.0% - 100.0%	32.2
Orbit Warehouse	Kenya	Light Industrial	Pre-funded development	US\$8.00	25.0	11.1%	80.0% - 100.0%	8.0
VDE Housing (development)	Mozambique	Corporate Accom	Pre-funded acquisition	US\$19.82	5.0	11.9%	100.0%	13.7

\*excluding VAT and transfer costs, \*\* per m<sup>2</sup> per month

The Target Acquisitions are subject to various conditions precedent described in Annexure A, and as such, there is no guarantee that they will ultimately be concluded. Funding strategies related to these and other recently announced investments will be communicated in due course.

**Bronwyn Corbett, Chief Executive Officer of Grit, commented:**

“The acquisitions are in line with Grit’s strategy of acquiring superior quality assets tenanted by blue-chip multi-national companies under long-term, hard currency leases, whilst further enhancing the quality and diversification of the portfolio in terms of tenant, geographic and sector exposures.

The transactions are accretive and will result in economies of scale by utilising Grit’s existing extensive infrastructure across the countries we already operate in, while providing excellent opportunities to strengthen partnerships with key international tenants.

They also reflect Grit’s evolved business strategy, which now includes prefunding of selected risk mitigated developments, and which is expected to deliver accelerated medium-term net asset value growth.

The acquisitions are expected to provide investors with further diversified, secure and growing index-linked income and attractive capital growth potential from across Grit’s high-quality portfolio, which continues to deliver attractive returns to our shareholders.”

By order of the Board

25 October 2019

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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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 net asset value growth of 12.0%+ per annum.\*

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, Ebene, 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.

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## **ACQUISITION OF 50% OF PWC HEAD OFFICE, ACCRA AND HUAWEI HEAD OFFICE, ACCRA, GHANA**

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### **1. INTRODUCTION**

1.1. Shareholders are advised that on 24 October 2019 -

1.1.1. the Company entered into heads of terms ("**Infinity HoT**") with CH Group Limited ("**CH Group**"), Goldkey Properties Limited ("**Goldkey**"), Cantonments City Limited ("**Cantonments City**") and Infinity Tower Limited ("**Infinity Tower**"), the owner of the property known as PwC Ghana Head Office, a 9-storey, Grade A office building measuring approximately 5,176 sqm of gross lettable area currently under development by Goldkey and located on 0.45 acres of land in Rangoon Lane, Cantonment, Accra, Ghana ("**Infinity Tower Property**"). The Infinity HoT sets out the main terms and conditions on and subject to which the Company (or one of its wholly-owned subsidiaries) ("**Acquirer**") is willing to acquire 50% of the issued ordinary share capital of Infinity Tower ("**Infinity Acquisition Shares**") from Cantonments City, the legal and beneficial holder of all of the issued ordinary shares of Infinity Tower ("**Infinity Tower Acquisition**") and

1.1.2. the Company entered into heads of terms ("**Portman House HoT**") with CH Group, Goldkey, Cantonments City and Portman House Limited ("**Portman House**"), the owner of the property known as CH Building, a 7-storey, Grade A completed office building measuring approximately 3,913 sqm of gross lettable area and located on 0.67 acres of land in Rangoon Lane, Cantonments, Accra, Ghana ("**Portman House Property**"). The Portman House HoT sets out the main terms and conditions on and subject to which the Acquirer is willing to acquire 50% of the issued ordinary share capital of Portman House ("**Portman House Acquisition Shares**") from Cantonments City, the legal and beneficial holder of all of the issued ordinary shares of Portman House ("**Portman House Acquisition**"),

(the “**Infinity Tower Acquisition**” and the “**Portman House Acquisition**”, hereinafter being referred to as the “**Acquisitions**”; and the “**Infinity Tower Property**” and the “**Portman House Property**” hereinafter being referred to as the “**Properties**”).

- 1.2. The Infinity Tower Property is currently let to PricewaterhouseCoopers (GH) Limited for approximately 4,086 sqm of gross lettable area on an initial lease term of 15 years (“**PwC Lease**”) commencing on completion of the development of the Infinity Tower Property which is expected in the fourth quarter of 2019. The Infinity Tower Property’s remaining gross lettable area measuring approximately 1,074 sqm will be let by Infinity Tower to CH Group in terms of a triple net corporate lease (“**Infinity Head Lease**”) starting from the date of acquisition for a period of 5 years.
- 1.3. The Portman House Property is currently let to Huawei Technologies (Ghana) Limited for approximately 2,855 sqm of gross lettable area on an initial lease term of 8 years commencing 1 March 2016 (“**Huawei Lease**”). The Portman House Property’s remaining gross lettable area measuring approximately 1,057 sqm, currently occupied by CH Group, will be let by Portman House to CH Group in terms of a triple net corporate lease starting from the date of acquisition for a period of 5 years (“**Portman House Head Lease**”).

## **2. RATIONALE FOR THE ACQUISITIONS**

- 2.1. Through these Acquisitions, Grit is entering into a strategic joint venture with Goldkey, one of the leading developers in Ghana.
- 2.2. Goldkey, established in 1997, is one of the leading Real Estate development companies in Ghana. It is renowned for its proven competencies in commercial and residential developments both for sales and rental of space in prime locations. They specialise in master-planned residential, mixed-use and commercial developments. It has so far developed an area of approximately 40,000sqm for rental purposes in prime locations around Accra including Airport, Cantonments, the Ridge, Labone, Abelemkpe and East Legon. Goldkey is currently developing Cantonments City; a mixed-use development with a green park which is set to be the capital’s commercial node while promoting work life balance. It has managed to secure multi-national and blue-chip tenants like PwC, Huawei, ENS Africa and VIVO Energy Ghana, amongst others. Both Properties are located in Cantonment City.
- 2.3. The Infinity Tower Property, an A-Grade building, currently under development, shall only be acquired on the completion and handover of the construction which is expected by mid December 2019. The property is anchored by PwC for a lease period of 15 years. The Portman House Property, an existing A-Grade building, is anchored by Huawei. This is an opportunity for Grit to consolidate its existing list of blue-chip tenants and partner with these tenants to meet their multi-jurisdictional corporate real estate needs.
- 2.4. The Acquisitions complement the existing Ghanaian portfolio. These additions bring diversification not only to Grit’s local portfolio but also to the Company-wide geographical spread. These Acquisitions are in line with Grit’s strategy to achieve a reasonable operational size in Ghana to achieve sufficient economies of scale and to maximise efficiency in country.
- 2.5. In addition to the security of the anchor covenants in the PwC Lease and the Huawei Lease forming part of the Acquisitions, the remaining gross lettable area will be secured by means of lease terms being entered into with the CH Group. The CH Group, incorporated in 2012, provides additional strength and substance to the Acquisitions as the parent company of certain of Ghana’s most successful businesses. The company operates in diverse industries such as real estate, energy, petroleum, agriculture, telecommunications and business advisory services. In recent years, the CH Group has grown tremendously, leading to the birth of industry leaders such as Goldkey Properties, Blackwell Realty and Denton Property Managers (Real Estate), Tema Tank Farm (Petroleum), and Goldkey Telecoms (Telecommunications).

## **3. TERMS OF THE INFINITY TOWER ACQUISITION**

- 3.1. **Purchase Consideration for the Infinity Acquisition Shares**

- 3.1.1. The purchase consideration payable by the Acquirer for the Infinity Tower Acquisition Shares is estimated to be US\$10,157,738 ("**Estimated Infinity Purchase Consideration**"), based on an agreed net acquisition yield of 8.50% applicable to the Infinity Tower Acquisition.
- 3.1.2. The Estimated Infinity Purchase Consideration is subject to adjustment, pending final confirmation of the recoverable value of working capital balances, provided that such adjustment shall not increase the Estimated Purchase Consideration by more than 10%. Accordingly, the maximum purchase consideration payable by the Acquirer for the Infinity Acquisition Shares is US\$11,173,512
- 3.1.3. The purchase consideration payable by the Acquirer for the Infinity Acquisition Shares will be paid by the Acquirer by way of an interbank transfer on the Infinity Tower Acquisition Completion Date (as defined below).
- 3.1.4. Cantonments City is currently considering the gearing of Infinity Tower and a distribution to Cantonments City prior to the implementation of the Infinity Tower Acquisition. Should this occur, it is anticipated to reduce the Estimated Infinity Purchase Consideration to approximately USD6,094,643, subject to a maximum adjustment of 10% on the basis detailed in paragraph 3.1.2 above. The above will be addressed in the Infinity Tower Investment Agreement (as defined in Annexure A below) and will be confirmed by the Company on SENS.

3.2. **Conditions precedent applicable to the Infinity Tower Acquisition are contained in Annexure A to this announcement ("Infinity Tower Conditions Precedent")**

3.3. **Completion date of the Infinity Tower Acquisition**

The completion date of the Infinity Tower Acquisition will be the date on which all the Infinity Tower Acquisition Conditions Precedent have been fulfilled (or waived), which is expected to occur no later than 31 December 2019 (the "**Infinity Tower Acquisition Completion Date**").

3.4. **Representations and Warranties granted in respect of the Infinity Tower Acquisition**

The Infinity HoT provides that the Infinity Tower Investment Agreement (as defined below) will contain representations and warranties by the Infinity HoT parties (other than Grit) to Grit which are standard for a transaction of this nature.

3.5. **Other significant terms of the Infinity Tower Acquisition**

In terms of the Infinity HoT, Goldkey will provide Infinity Tower a rental withholding guarantee (details of which will be included in the Infinity Tower Investment Agreement as defined in Annexure A) ("**Rental Withholding Guarantee**"). This means that Goldkey will pay to Infinity Tower an amount equal to the shortfall in the total rental amount arising from PwC, as a tenant, withholding tax of 7.5 per cent. of the total rental amount payable under the PwC Lease. For instance, for every US\$1 that PwC pays as rent, PwC is required to withhold US\$0.075 from the landlord as rental withholding tax; Goldkey would therefore have to pay US\$0.075 to Infinity Tower to compensate for this shortfall. The Rental Withholding Guarantee will be for a period of one year starting from the Infinity Tower Acquisition Completion Date but will be waived in the event that Infinity Tower obtains a withholding tax exemption.

3.6. **Financial information on Infinity Tower**

- 3.6.1. The value of the net assets of Infinity Tower as at 31 December 2018, being the date of the last audited annual financial statements, was a negative amount of US\$161,366
- 3.6.2. The audited loss after tax attributable to Infinity Tower for the year ended 31 December 2018, was US\$163,407.
- 3.6.3. On completion of the Infinity Tower Acquisition, the one year forward annual net operating income of Infinity Tower will be approximately US\$1,727,210.

3.7. **Exclusivity**

- 3.7.1. Infinity Tower, Cantonments City, Goldkey and CH Group agreed that for the period commencing from the signature date of the Infinity HoT and ending on 31 December 2019, or

such later date which the Infinity HoT Parties agree in writing, they will transact with Grit on the Infinity Tower Acquisition on an exclusive basis.

- 3.7.2. If any of Infinity Tower, Cantonments City, Goldkey or CH Group breaches any of the exclusivity undertakings provided to Grit in term of the Infinity HoT, they will indemnify Grit for an amount equal to all reasonable costs, fees, disbursements and expenses which have been or will be incurred by Grit in connection with its investigation, evaluation and negotiation of the Infinity Tower Acquisition.

#### **4. TERMS OF THE PORTMAN HOUSE ACQUISITION**

##### **4.1. Purchase Consideration for the Portman House Acquisition Shares**

- 4.1.1. The purchase consideration payable by the Acquirer for the Portman House is estimated to be US\$6,775,748 ("**Estimated Portman House Purchase Consideration**"), based on an agreed net acquisition yield of 9.00 percent applicable to the Portman House Acquisition.
- 4.1.2. The Estimated Portman House Purchase Consideration is subject to adjustment, pending final confirmation of the recoverable value of working capital balances, provided that such adjustment shall not increase the Estimated Portman House Purchase Consideration by more than 10 percent Accordingly, the maximum purchase consideration payable by the Acquirer for the Portman House Acquisition Shares is US\$7,453,323
- 4.1.3. The purchase consideration payable by the Acquirer for the Portman House Acquisition Shares will be paid by the Acquirer by way of an interbank transfer on the Portman House Acquisition Completion Date (as defined below).
- 4.1.4. Cantonments City is currently considering the gearing of Portman House and a distribution to Cantonments City prior to the implementation of the Portman House Acquisition. Should this occur, it is anticipated to reduce the Estimated Portman House Purchase Consideration to approximately USD4,065,449, subject to a maximum adjustment of 10% on the basis detailed in paragraph 4.1.2 above. The above will be addressed in the Portman House Investment Agreement (as defined in Annexure A below) and will be confirmed by the Company on SENS.

##### **4.2. Conditions precedent applicable to the Portman House Acquisition are contained in Annexure A to this Announcement ("**Portman House Acquisition Conditions Precedent**")**

##### **4.3. Completion date of the Portman House Acquisition**

The completion date of the Portman House Acquisition will be the date on which all the Portman House Acquisition Conditions Precedent have been fulfilled (or waived), which is expected to occur no later than 31 December 2019 (the "**Portman House Acquisition Completion Date**").

##### **4.4. Representations and Warranties granted in respect of the Portman House Acquisition**

The Portman House HoT provides that the Portman House Investment Agreement (as defined below) will contain representations and warranties by the Portman House HoT parties (other than Grit) to Grit which are standard for a transaction of this nature.

##### **4.5. Other significant terms of the Portman House Acquisition**

In terms of the Portman House HoT, Goldkey will provide Portman House a rental withholding guarantee (details of which will be included in the Portman House Investment Agreement as defined in Annexure A) ("**Rental Withholding Guarantee**"). This means that Goldkey will pay to Portman House an amount equal to the shortfall in the total rental amount arising from Huawei withholding 7.5 per cent. of the total rental amount payable under the Huawei Lease. For instance, for every \$1 that Huawei pays as rent, Huawei is required to withhold \$0.075 from the landlord as rental withholding tax; Goldkey would therefore have to pay \$0.075 to Portman House to compensate for this shortfall. The Rental Withholding Guarantee will be for a period of one year starting from the Portman House Acquisition Completion Date but will be waived in the event that Portman House obtains a withholding tax exemption.

#### 4.6. Financial information of Portman House

- 4.6.1. The value of the net assets of Portman House as at 31 December 2018, being the date of the last audited annual financial statements, was US\$7,731,778.
- 4.6.2. The audited profit after tax attributable to Portman House for the year ended 31 December 2018, was US\$1,445,519.
- 4.6.3. The audited annual financial statements of Portman House for the year ending 31 December 2018, were prepared in terms of IFRS.
- 4.6.4. On completion of the Portman House Acquisition, the annual net operating income of Portman House will be approximately US\$1,220,437 per annum.

#### 4.7. Exclusivity

- 4.7.1. Portman House, Cantonments City, Goldkey and CH Group agreed that for the period commencing from the signature date of the Portman House HoT and ending on 31 December 2019, or such later date which the Portman House HoT Parties agree in writing, they will transact with Grit on the Portman House Acquisition on an exclusive basis.
- 4.7.2. If any of Portman House, Cantonments City, Goldkey or CH Group breaches any of the exclusivity undertakings provided to Grit in term of the Portman House HoT, they will indemnify Grit for an amount equal to all reasonable costs, fees, disbursements and expenses which have been or will be incurred by Grit in connection with its investigation, evaluation and negotiation of the Portman House Acquisition.

### 5. THE PROPERTIES

5.1. Details of the Properties are as follows:

Property name and address	Country	Sector	Gross lettable area (m <sup>2</sup> )	Weighted average gross rental (m <sup>2</sup> per month)
PwC Head Office, located at No.1 in Rangoon Lane, Cantonment, Accra, Ghana	Ghana	Corporate offices	5,176	US\$28.00
Huawei Head Office (CH Building), located at No.1 in Rangoon Lane, Cantonments, Accra, Ghana	Ghana	Corporate offices	3,913	US\$27.00

5.2. Details regarding the Properties, as at the anticipated Completion Date, are set out below:

Property name and address	Acquisition yield	Weighted average annual rental escalation	Weighted average lease expiry (years)	Vacancy by gross lettable area
PwC Head Office located at No.1 in Rangoon Lane, Cantonment, Accra, Ghana	8.5%	1.64%	11.9	0%

CH Building, located at No.1 in Rangoon Lane, Cantonments, Accra, Ghana	9.0%	2.38%	4.2	0%
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Notes:

- a) In addition to the purchase consideration payable in respect of the Infinity Tower Acquisition, the costs associated with the Infinity Tower Acquisition are estimated at US\$127,600. No agents' commission is payable in respect of the Infinity Tower Acquisition.
- b) The purchase consideration payable in respect of the Infinity Tower Property is considered to be its fair market value, as determined by the directors of the Company. The directors of the Company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000. Preliminary independent valuations obtained support the directors appraisals.
- c) In addition to the purchase consideration payable in respect of the Portman House Acquisition, the costs associated with the Portman House Acquisition are estimated at US\$88,693. No agents' commission is payable in respect of the Portman House Acquisition.
- d) The purchase consideration payable in respect of the Portman House Property is considered to be its fair market value, as determined by the directors of the Company. The directors of the Company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000. Preliminary independent valuations obtained support the directors appraisals.

## 6. CLASSIFICATION OF THE ACQUISITIONS

- 6.1. The Acquisitions have been aggregated and accordingly constitute a category 2 transaction in terms of the JSE Limited Listings Requirements.
- 6.2. The Acquisitions constitute 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 or under any of the LSE reporting requirements.

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## DEVELOPMENT FUNDING AND ACQUISITION OF ST HELENE HOSPITAL AND COROMANDEL HOSPITAL MAURITIUS

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### 1. TRANSACTION SUMMARY

- 1.1. Shareholders are advised that on 24 October 2019, the Company, through its wholly-owned subsidiary Grit Services Limited ("**GSL**"), contracted to pre-fund the development and subsequent purchase of (on completion) two private hospitals in Mauritius. The assets will be tenanted by Polyclinique de L'Ouest Ltee. ("**PDL**"), at an initial annual gross rental yield of 10.5%, on a triple net basis for a term of 15 years by way of Euro-based rentals escalating annually at a minimum rate of 2.0% and guaranteed by Fonds de Solidarité Africain ("**FSA**").
- 1.2. FSA is a multilateral financial institution established in 1976 and consisting of 14 member states, including Mauritius. The FSA (total asset value of c.US\$110 million) facilitates productive investment projects in the public and private sectors by means of providing the necessary access to finance and guarantees.
- 1.3. PDL have signed an operations and management agreement with Artemis Medicare Services Ltd ("**Artemis**"), a well-established and recognised company established by the Apollo Tyres Group in India, to operate the St Helene and Coromandel Hospitals. Artemis currently owns a 400 bed multi-speciality state-of-the-art hospital in Delhi that holds a Joint Commission International (JCI) accreditation and which was established and has been operating successfully since 2007. Artemis Hospital is considered a pioneer of healthcare systems in India, led by top



of the line medical technology and equipment. It was also the first hospital in Delhi to get NABH accreditation within 3 years of its start up. Artemis will be the operator for both hospitals.

- 1.4. PDL, to which Grit will contract as lessee (in conjunction with Artemis as management operator) was initially incorporated in 2007 and comprises of long-standing medical practitioners and industry professionals with a deep knowledge of and successful track record in the Mauritian healthcare sector.
- 1.5. The transaction includes pre-funding in the delivery phase of the project, thereby enabling the Company to secure attractive upfront acquisition prices to be effective upon each asset's successful completion. This strategy forms a key part of the Group's target to achieve increased net asset value growth over the medium term.
- 1.6. The total build cost for both hospitals is expected to equate to US\$36,654,938 with Grit pre-funding a total of US\$31,623,005 and Hodari, as the developer, funding up to US\$5,031,933. Upon completion, Grit will acquire up to 86.6% of both assets with prefunding loans being repaid, refinanced or restructured
- 1.7. Given the lack of fully-fledged cancer treatment services locally, the Coromandel Hospital (as defined below) is targeting a unique offering with a specialised state-of-the-art oncology unit. Under the partnership with Artemis, Mauritian patients will have access to medical support related to Oncology treatment of an international standard, and which is currently not available locally.
- 1.8. The transaction was achieved through GSL:
  - 1.8.1. entering into a forward share subscription agreement ("**St Helene Subscription Agreement**") with Falcon Property Holdings Co Limited ("**FPH**"), and St Helene Clinic Co Ltd ("**St Helene**"), a wholly-owned subsidiary of FPH and the owner of the property situated in the district of Plaines Wilhems, at a place called Curepipe of sixty two Perches measuring 2 616.94 square meters, as evidenced by title deed registered and transcribed in TV1423/04 ("**St Helene Land**"); and
  - 1.8.2. entering into a forward share subscription agreement ("**Coromandel Subscription Agreement**") with FPH, and Coromandel Hospital Co Ltd ("**Coromandel**"), a wholly-owned subsidiary of FPH and the owner of the leasehold land known as Lot No. B measuring 8 968 square meters, as denoted by PIN 1714610183.2019 by the Ministry of Housing and Lands, in the Plaines Wilhems District known as Coromandel Industrial Estate ("**Coromandel Land**"). The leasehold land is held by the Development Bank of Mauritius ("**DBM**") and was leased to Coromandel effective as from 29<sup>th</sup> August 2019, with lease reference number IE1444.
- 1.9. In addition to the St Helene Subscription Agreement and the Coromandel Subscription Agreement, the Company, through GSL, also –
  - 1.9.1. entered into a loan agreement ("**St Helene Loan Agreement**") with St Helene in terms of which the Company agreed to provide St Helene with a loan in the amount of US\$10,905,759 ("**Grit St Helene Loan**") for the purpose of developing the St Helene Land by constructing a private hospital ("**St Helene Hospital**") on the St Helene Land ("**St Helene Development**"); and
  - 1.9.2. entered into a loan agreement ("**Coromandel Loan Agreement**") with Coromandel in terms of which the Company agreed to provide Coromandel with a loan in the amount of US\$20,717,246 ("**Grit Coromandel Loan**") for the purpose of developing the Coromandel Land by constructing a private hospital ("**Coromandel Hospital**") on the Coromandel Land ("**Coromandel Development**").
- 1.10. Both St Helene and Coromandel will appoint Altus Investments Limited, a member of the Hodari Africa Proprietary Limited ("**Hodari**") group of companies, as development manager ("**Development Manager**") responsible for the execution of the St Helene Development and the Coromandel Development (together, the "**Developments or Projects**"). The Development Manager will also partially fund the St Helene Development and the Coromandel Development through two separate loans totalling up to US\$5,031,933 million.
- 1.11. The Development Manager and FPH will assume the primary delivery risk associated with the Projects as per the agreed scope and upon terms as contained in the Development Management

Agreements (“**Development Agreements**”) signed between the Development Manager, FPH, St Helene and Coromandel. The Development Agreements contain key commercial terms related to the management and handover of the Projects by the Development Manager and FPH, which successfully mitigate the delivery risk on the Projects. Grit will take up ownership upon successful completion of the St Helene Development and the Coromandel Development according to the terms of these Development Agreements.

- 1.12. In terms of the St Helene Subscription Agreement, the Company will subscribe for 86.6% of the issued share capital of St Helene for a subscription price of US\$6,470,000 (“**St Helene Subscription Consideration**”) once the St Helene Development has been completed (“**St Helene Subscription**”). The balance (13.4%) of the issued share capital of the St Helene will be held by FPH and represents the St Helene land contribution by FPH, which has been assigned a value of \$1,000,000.
- 1.13. The St Helene Subscription Consideration will be used to repay the loan from Hodari in full (related to the St Helen Development) and to repay a portion of the Grit St Helene Loan. The remaining balance of the Grit St Helene Loan will be settled through refinanced bank debt targeting an LTV of 40%.
- 1.14. Similarly, in terms of the Coromandel Subscription Agreement, the Company will subscribe for 86.6% of the issued share capital of Coromandel for a subscription price of US\$647 (“**Coromandel Subscription Consideration**”), once the Coromandel Development has been completed (“**Coromandel Subscription**”). The balance (13.4%) of the issued share capital of Coromandel will be held by FPH through nominal shares worth US\$100.
- 1.15. The Grit Coromandel Loan and the loan from Hodari (pertaining to the Coromandel Development) will be refinanced in full through either bank debt, targeting an LTV of 40%, and a Grit shareholder loan.
- 1.16. FPH will have an option to increase its stake in St Helene and Coromandel to a maximum of 25 percent within 2 years of completion of the Developments through the contribution of additional equity.
- 1.17. Once the St Helene Development and the Coromandel Development (together, the “**Developments or Projects**”) are completed, St Helene and Coromandel, will, respectively, lease the St Helene Hospital and the Coromandel Hospital to PDL, at a gross initial yield of 10.5 percent on a triple net basis for a term of 15 years (“**St Helene Lease Agreement**” and “**Coromandel Sub-Lease Agreement**”, respectively). The St Helene and Coromandel Lease Agreements will be renewable for a further 15 years. The Euro-linked rental payments will escalate annually at a minimum rate of 2.0%.
- 1.18. FSA will provide a three-year rolling guarantee to St Helene and Coromandel, over the full initial 15-year term of the lease, until a minimum earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) to rental cover ratio of 3 (three) times is sustained on an annual basis. The FSA Guarantee being provided in a form acceptable to Grit is a material condition of the transaction, and provides additional security behind the lease covenant from PDL. Latest publicly available financial results show FSA with a total asset value of c. US\$110 million, out of which cash and liquid securities amounts to c. US\$36 million, i.e. 32 percent of the balance sheet size, and c. US\$38 million of shareholder’s equity. The size and liquidity of the FSA balance sheet alongside the unconditional guarantee to be provided with the FSA is a key risk mitigant to the St. Helene Lease Agreement and the Coromandel Sub-lease Agreement.
- 1.19. The Developments are expected to start in the first quarter of 2020 and be completed within 18-24 months. The Projects will have a combined gross lettable area of approximately 15,688 m<sup>2</sup> and an estimated combined capacity of 190 beds.

## **2. RATIONALE FOR THE ACQUISITION**

- 2.1. The Projects are expected to provide added diversification to Grit’s overall portfolio and an entry into the healthcare asset class, which is in line with the long-term view of Grit taking on a measured amount of exposure to the education and healthcare sectors. Within the healthcare space in Mauritius, the capacity shortage is conservatively estimated at approximately 380 beds,

which supports the ability to achieve the required occupancy rates within the first months of operation.

- 2.2. The Projects will be secured at an initial annual gross rental yield of 10.5 percent, which will provide a significant income return to Grit shareholders and also the potential for attractive net asset value growth following the acquisition.
- 2.3. The Projects meet the demand for additional private general healthcare in Mauritius, as well as the critical need for international standard private oncology treatment. Grit's involvement in the Projects is therefore very much aligned to the Group's ongoing commitment towards corporate social investment (CSI) initiatives across Africa.
- 2.4. FSA will provide St Helene and Coromandel with a rental guarantee to de-risk the payments under the St Helene Lease Agreement and the Coromandel Sub-Lease Agreement. The FSA, in its capacity as guarantor, will sign a definitive guarantee agreement to the benefit of St Helene and Coromandel over the 15-year term of the lease. The final guarantee amount will correlate with the final lease amount that PDL will pay to St Helene and Coromandel under the St Helene Lease Agreement and the Coromandel Sub-Lease Agreement, which will in turn depend on the final total development costs for both hospitals. The guarantee provides a rolling 3-year rental cover and is available for the full initial 15 years of the lease.

### **3. TERMS OF THE ST HELENE SUBSCRIPTION**

#### **3.1. St Helene Subscription Consideration**

The St Helene Subscription Consideration of US\$6,470,000 payable by the Company to St Helene for the subscription for 86.6% of the issued share capital of St Helene, shall be paid in cash. This will be used to partly repay the development costs funded by the Company.

#### **3.2. Conditions precedent to the St Helene Subscription are contained in Annexure A to this Announcement ("St Helene Subscription Conditions Precedent")**

#### **3.3. Completion date of the St Helene Subscription**

The completion date of the St Helene Subscription will be the first business day in Mauritius following the day on which all the St Helene Subscription Conditions Precedent have been fulfilled.

#### **3.4. Warranties and indemnities granted in respect of the St Helene Subscription**

The St Helene Subscription Agreement contains warranties and indemnities by St Helene in favour of the Company which are standard for a transaction of this nature.

#### **3.5. Financial information of the St Helene Subscription**

- 3.5.1. St Helene is a special purpose vehicle which was incorporated for the sole purpose of owning the St Helene Land.
- 3.5.2. The St Helene Land is currently a vacant plot of land. There is therefore no income attributable to the St Helene Land.
- 3.5.3. The total development cost for the St Helene Development is estimated to be US\$13.3 million, excluding value added tax ("VAT").

### **4. TERMS OF THE COROMANDEL SUBSCRIPTION**

#### **4.1. Coromandel Subscription Consideration**

The Coromandel Subscription Consideration of US\$647 payable by the Company to Coromandel for the subscription for 86.6% of the issued share capital of Coromandel, shall be paid in cash. Further equity will be injected as shareholder loans to repay the development costs funded by the Company.

4.2. **Conditions precedent to the Coromandel Subscription are contained in Annexure A to this Announcement (“Coromandel Subscription Conditions Precedent”)**

**4.3. Completion date of the Coromandel Subscription**

The completion date of the Coromandel Subscription will be the first business day in Mauritius following the day on which all the Coromandel Subscription Conditions Precedent have been fulfilled.

**4.4. Warranties and indemnities granted in respect of the Coromandel Subscription**

The Coromandel Subscription Agreement contains warranties and indemnities by Coromandel in favour of the Company which are standard for a transaction of this nature.

**4.5. Financial information of the Coromandel Subscription**

4.5.1. Coromandel is a special purpose vehicle which was incorporated for the sole purpose of owning the Coromandel Land.

4.5.2. The Coromandel Land is vacant. There is therefore no income attributable to the Coromandel Land.

4.5.3. The total development cost for the Coromandel Development is estimated to be US\$23.4 million, excluding VAT.

**5. THE PROPERTIES**

5.1. Details of the Properties are as follows:

Property name and address	Country	Sector	Gross lettable area (m <sup>2</sup> )	Weighted average gross rental (m <sup>2</sup> per month)
St Helene Clinic	Curepipe, Mauritius	Healthcare	5,727	US\$20.31
Coromandel Hospital	Coromandel, Mauritius	Healthcare	9,961	US\$20.52

5.2. Details regarding the Properties, as at the anticipated Completion Date, are set out below:

Property name and address	Property yield at Acquisition	Weighted average annual rental escalation	Weighted average lease expiry (years)	Vacancy by gross lettable area
St. Helene Clinic	10.5%	Minimum 2.0%	15.0	0%
Coromandel Hospital	10.5%	Minimum 2.0%	15.0	0%

Notes:

a) In addition to the St Helene Subscription Consideration and the Coromandel Subscription Consideration, the costs associated with the St Helene Subscription is estimated at

US\$202,047 and the costs associated with the Coromandel Subscription is estimated at US\$ 354,953. No agents' commission is payable in respect of the Acquisition.

- b) The St Helene Subscription Consideration and the Coromandel Subscription Consideration payable in respect of the St Helene Land and the Coromandel Land, respectively, are considered to be its fair market value, as determined by the directors of the Company. The directors of the Company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.

## 6. CLASSIFICATION OF THE ACQUISITION

- 6.1. The St Helene Subscription and the Coromandel Subscription have been aggregated and accordingly constitute a category 2 transaction in terms of the JSE Limited Listings Requirements.
- 6.2. The St Helene Subscription and the Coromandel Subscription constitute 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 or under any of the LSE reporting requirements.

## 7. TRANSACTION ADVISOR

- 7.1. Safyr Capital Partners Ltd ("**SCP**") is a corporate finance and advisory firm regulated by the Financial Services Commission of Mauritius and provides a range of financial services encompassing mergers and acquisitions and capital raising activities, including acting as sponsors and authorised representative for IPO's and seasoned equity offerings.
- 7.2. SCP acted as transaction advisor to PDL, FPH, St Helene and Coromandel.
- 7.3. SCP has also led the discussions with the FSA in respect of the rental guarantee to be provided to St Helene and Coromandel.

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## ACQUISITION OF UP TO 100% OF ORBIT WAREHOUSE, NAIROBI, KENYA

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### 1. INTRODUCTION

- 1.1. Shareholders are advised that on 24 October 2019, the Company, through its wholly-owned subsidiary Grit Services Limited (the "**GSL**"), entered into heads of terms ("**Orbit Heads of Terms**") with Stellar Investments Holdings Africa Limited ("**Stellar Holdco**"), Stellar Manufacturing Holdings Africa Limited ("**Stellar Manufacturing**"), a wholly-owned subsidiary of Stellar Holdco, and Orbit Products Africa Limited ("**OPAL**"), a wholly-owned subsidiary of Stellar Manufacturing and owner of a piece of land known with the local land registry as Land Reference Number 14817, measuring approximately 8.057 hectares, located at Mombasa Road, Mlolongo, Nairobi, pursuant to a lease from the Government of Kenya for a period of 99 years from 1 July 1988 (the "**Property**"), with a building on the Property measuring approximately 29 243m<sup>2</sup> ("**Orbit Manufacturing Facility**").
- 1.2. OPAL, who will tenant the asset on a 25-year, triple net, US dollar denominated lease, is principally involved with the manufacturing of well renowned personal and home care products including soaps, detergents, chemicals and cleaning solutions for blue-chip clients, including Unilever, EcoLab, Reckitt Benckiser, Colgate-Palmolive, Clorox, PZ Cussons, Henkel and Diversey. OPAL, originally established as a family business, has been in existence since 1977 and has become a leading manufacturing enterprise in East Africa. Stellar HoldCo, the parent company, is domiciled in Mauritius and is a diversified manufacturing, trading and distribution group of significant strength and substance with a focus on servicing the East African region.
- 1.3. Stellar Manufacturing is considering retaining a maximum of 20% of the issued shares of PropCo Mauritius ("**Retained Shares**") in which case GSL will only acquire 80% of the Sale Shares. Stellar Manufacturing is required to notify the parties to the Heads of Terms in writing as to whether or not the Retained Shares will form part of the Sale Shares, at least 15 business days

prior to the Closing Date (as defined below) for a purchase consideration as set out in paragraph 3 below.

1.4. If Stellar Manufacturing –

- 1.4.1. opts to retain the Retained Shares, then the Acquisition will, at closing of the Acquisition, create a venture between GSL and Stellar Manufacturing as shareholders of PropCo Mauritius; or
- 1.4.2. opts to sell 100% of the Sale Shares to GSL, then, Stellar Manufacturing will have an option for the period between the date on which GSL becomes the registered legal and beneficial owner of 100% of the Sale Shares (“**Share Registration Date**”) and the date falling one business day prior to the 11<sup>th</sup> anniversary of the Share Registration Date, to buy back a maximum of 20% of the issued shares in PropCo Mauritius for a consideration not exceeding US\$90,000,000, being an amount equal to or less than 29.9% of Grit’s market capitalisation as at the date of signature of the Heads of Terms (“**First Option**”).

## 2. RATIONALE FOR THE ACQUISITION

- 2.1 The Orbit Acquisition will provide Grit’s shareholders with further diversification into a single tenanted, light industrial real estate asset in a key market in East Africa with the backing of a 25-year, triple net, hard currency denominated lease. East Africa focused light industrial and logistics opportunities will form a significant focus for the Group in the short to medium term, as Grit looks to bolster its exposure to this asset class and region.
- 2.2 The Orbit Acquisition displays Grit’s ability to partner with established regional businesses who have the ability to provide strong lease covenants, with OPAL’s financial strength being supported by US dollar based manufacturing contracts with leading blue-chip clients. The sale and lease back opportunity allows these businesses to reinvest in their core activities and expand their product lines, driving further efficiencies and scale to their operations.
- 2.3 Grit will provide asset management solutions and provide further development capital to refurbish and expand the existing facility for OPAL. Once development is complete, the property will be well suited to the modern requirements of the burgeoning fast-moving consumer goods industry in Kenya, and well placed to service OPAL’s blue-chip clients in East Africa. The site is located on the southern side of the Nairobi metropolitan area, in close proximity to the Inland Container Depot as well as the International Airport.

## 3. PURCHASE CONSIDERATION

- 3.1. The purchase consideration payable by GSL for 100% of the Sale Shares is US\$32,207,027, exclusive of VAT, subject to adjustment as set out in paragraph 3.4 below (“**Purchase Consideration**”).
- 3.2. The Purchase Consideration comprises -
  - 3.2.1. the value of the Orbit Manufacturing Facility, being US\$27,027,072, exclusive of VAT; and
  - 3.2.2. the value of the undeveloped land (“**Undeveloped Land**”), being US\$5,180,000, exclusive of VAT (if applicable), and upon which the expansion project will be undertaken.
- 3.3. In the event that Stellar Manufacturing retains the Retained Shares and GSL acquires not less than 80% of the Sale Shares or if, upon verification, the gross lettable area of the Orbit Manufacturing Facility or the Undeveloped Land is less than recorded in the Heads of Terms, then GSL shall reduce the value ascribed to the Purchase Consideration proportionately and *pro rata* to the percentage of all the shares in PropCo Mauritius to be acquired by it. Accordingly, if GSL acquires only 80% of the Sale Shares, the Purchase Consideration shall be reduced to US\$25,765,621.
- 3.4. If the assumptions on which the Purchase Consideration is based are incorrect, then the parties to the Orbit Heads of Terms (“**Party**” or “**Parties**”, as applicable) may agree a revised purchase consideration that shall not be more than US\$43,479,486.45, being an amount equal to 135% of

the Purchase Consideration, or to terminate the Orbit Heads of Terms after which neither Party will have a claim against the other.

**3.5. Conditions precedent applicable to the Orbit Acquisition are contained in Annexure A to this Announcement**

**4. CLOSING DATE OF THE ACQUISITION**

In terms of the Orbit Heads of Terms, the Orbit Acquisition will be implemented by 31 March 2020 (“Closing Date”).

**5. REPRESENTATIONS AND WARRANTIES**

The Orbit Heads of Terms contains representations and warranties by the Parties in favour of each other which are standard for a transaction of this nature.

**6. OTHER SIGNIFICANT TERMS**

- 6.1. Stellar Holdco will issue a 3 year rolling guarantee (“**Stellar Corporate Guarantee**”) to PropCo Kenya for the obligations of OPAL under the OPAL Existing Facility Triple Net Lease (as defined below), the OPAL additional facility Triple Net Lease and the triple net lease to be granted by PropCo Kenya as as landlord to OPAL as tenant over the Undeveloped Land. The Stellar Corporate Guarantee will remain in full force and effect until such time that OPAL’s EBITDA is three times the aggregate rental payable by OPAL to PropCo Kenya for the remainder of the respective terms under the aforementioned leases. If OPAL’s EBITDA falls below three times the aggregate rental, Stellar Holdco shall immediately re-issue the Stellar Corporate Guarantee to PropCo Kenya. OPAL will have an obligation to report its EBITDA to GSL annually and the requirement for Stellar Holdco to retain, cancel or reinstate the Stellar Corporate Guarantee will be communicated annually, in writing, by GSL to OPAL and Stellar Holdco.
- 6.2. Stellar Manufacturing and Stellar Holdco agreed that for a period of 90 days from the date of signature of the Orbit Heads of Terms, they will not –
- 6.2.1. enter into any agreement with any person (other than GSL or an entity controlled by Grit) regarding the acquisition of the Sale Shares and development of the Additional Facility (as defined below in Annexure A); or
- 6.2.2. make available any information relating to the Orbit Acquisition to any person (other than its advisors), including any prospective purchaser or developer.
- 6.3. GSL shall grant Stellar Manufacturing an option to buy back the Sale Shares for a consideration not exceeding US\$90,000,000, as at the date of signature of the Orbit Heads of Terms, which option may only be exercised during the period falling between the 11<sup>th</sup> anniversary of the Closing Date and the date falling 180 calendar days thereafter (“**Second Option**”).
- 6.4. Subject to PropCo Kenya and OPAL entering into the OPAL Additional Facility Triple Net Agreement for Lease (as defined below) and subject to GSL being satisfied with the commercial feasibility for the Additional Facility, the Parties agree in principle, that GSL will provide the development financing for the intended development of the Additional Facility, in the proposed amount of US\$8,000,000, exclusive of VAT, by way of a shareholders’ loan.

**7. THE PROPERTY**

7.1. Details of the Property are as follows:

<b>Property name and address</b>	<b>Country</b>	<b>Sector</b>	<b>Gross lettable area (m<sup>2</sup>)</b>	<b>Weighted average gross rental (m<sup>2</sup> per month)</b>
Plot No LR 1504/12, Registration District of Machakos, locality	Kenya	Light industrial	29 243	US\$7.12

of NW of Athi River, Mombasa Road, Mlolongo, Nairobi				
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7.2. Details regarding the Property, as at the anticipated Closing Date, are set out below:

Property name and address	Property yield at Acquisition	Weighted average annual rental escalation	Weighted average lease expiry (years)	Vacancy by gross lettable area
Plot No LR 1504/12, Registration District of Machakos, locality of NW of Athi River, Mombasa Road, Mlolongo, Nairobi	9.25%	2% per annum	25	0%

Notes:

- c) In addition to the Purchase Consideration, the costs associated with the Acquisition are estimated at US\$5,600,000, comprising primarily of the VAT becoming payable under such Purchase Consideration. No agents' commission is payable in respect of the Acquisition.
- d) The Purchase Consideration payable in respect of the Property is considered to be its fair market value, as determined by the directors of the Company. The directors of the Company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.

## 8. FINANCIAL INFORMATION OF THE ACQUISITION

- 8.1. PropCo Mauritius is a special purpose vehicle which was incorporated for the sole purpose of holding 100% of the shares in PropCo Kenya who, in turn, will acquire the Property and therefore has no trading history or asset value.
- 8.2. Accordingly, the value attributable to the Property by Grit for purposes of the Acquisition is US\$32,207,027.
- 8.3. OPAL has been conducting its business on the Property since it acquired the Property. The Property has therefore not generated any income or realised any profits.

## 9. CLASSIFICATION OF THE ACQUISITION

- 9.1. The Acquisition, First Option and Second Option constitutes category 2 transactions in terms of the JSE Limited Listings Requirements.
- 9.2. The Acquisition, First Option and Second Option constitute undertakings in the ordinary course of business of Grit and therefore does not fall under the scope of Chapter 13 of the SEM Listing Rules or under any of the LSE reporting requirements.

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**VOLUNTARY ANNOUNCEMENT:  
DEVELOPMENT OF ADDITIONAL UNITS AT VDE HOUSING ESTATE IN TETE, MOZAMBIQUE**

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Grit through its subsidiary company, Delta Tete Limitada, is the owner of 142 corporate accommodation units over 25 hectares in Tete, Mozambique. These units were originally developed by Vale Dos Embondeiros Limitada (“**VDE**”) and are now fully occupied and leased by Vale Mocambique Limitada (“**Vale**”) (102 units) and Barloworld (40 units).

Due to additional demand from Vale, Grit has appointed VDE as development manager on a turnkey development contract to construct an additional 60 accommodation units on available land already owned by Grit and included within the above 25 hectares (“**Development**”). The contract has a total development value of US\$13.7 million. Based on the agreement between Grit and VDE, the Company is only obliged to take transfer of the units once it is satisfied that the units are of an acceptable standard.

Furthermore, on 30 August 2019, Vale signed a 5 year US dollar lease on the additional units. The first 20 of the units were completed and delivered to Vale on 1 September 2019 with the remaining units to be delivered over the course of the fourth quarter of 2019.

The Development is not considered a transaction and not categorizable in terms of the JSE Limited Listings Requirements and the information contained in this announcement has been voluntarily disclosed by the Company.

The Development 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 or under any of the LSE reporting requirements.

## **ANNEXURE A: CONDITIONS PRECEDENT**

### **Acquisition of 50% of PWC and Huawei Head Office conditions precedent:**

1. The **Infinity Tower Acquisition** is subject to the fulfilment of the following conditions (“**Infinity Tower Conditions Precedent**”) –
  - 1.1. Grit conducting a legal, financial, taxation and commercial due diligence investigation on Infinity Tower and providing a letter confirming that it is satisfied with the outcome of the due diligence investigation;
  - 1.2. the completion of a formal valuation by an independent third party RICS-approved valuer acceptable to the CH Group, Goldkey, Cantonments City, Infinity Tower and Grit (together the “**Infinity Tower HoT Parties**”) confirming that the open market value of the Infinity Tower Property is equal to or more than the value attributed to it by Grit in computing the purchase consideration;
  - 1.3. the Infinity Tower HoT Parties agreeing, signing and exchanging a detailed and legally binding investment agreement incorporating all the terms of the Infinity Tower Acquisition (“**Infinity Tower Investment Agreement**”);
  - 1.4. the Infinity Tower HoT Parties agreeing, signing and exchanging a detailed and legally binding joint venture agreement to regulate their relationship with each other and certain aspects of Infinity Tower’s dealings;
  - 1.5. Grit successfully managing to raise the requisite funds required to implement the Infinity Tower Acquisition on terms and conditions acceptable to Grit;
  - 1.6. the Infinity Tower HoT Parties mutually agreeing an adjustment to the purchase consideration determined (if any) in light of the completion of the due diligence investigation that Grit wishes to conduct for an amount up to 10% of the purchase consideration;
  - 1.7. the Infinity Head Lease being entered into between Infinity Tower (as landlord) and CH Group (as tenant) in a form acceptable to the Infinity Tower HoT Parties;
  - 1.8. the appointment of Grit or a nominee of Grit, effective post the implementation of the Infinity Tower Acquisition, to provide strategic asset management services to Infinity Tower at a net

rate of 0.1 per cent. of Infinity Tower's gross asset value to be paid by Denton Property Management Service, the property manager for the Infinity Tower Property, to Grit pursuant to an agreement in a form acceptable to the Infinity Tower HoT Parties;

- 1.9. external bank debt being raised to refinance Infinity Tower's existing external debt on terms and condition acceptable to the Infinity Tower HoT Parties;
- 1.10. approval of the final form of the documents in connection with the Infinity Tower Acquisition by the board of directors and investment committee of Grit;
- 1.11. approval of the final form of the documents in connection with the Infinity Tower Acquisition by the board of directors and investment committee of each of CH Group, Goldkey, Cantonments City and Infinity Tower;
- 1.12. each of the Infinity HoT Parties' (other than Grit's) warranties provided in the Infinity Tower Investment Agreement being true and accurate at the Infinity Tower Acquisition Completion Date and each Infinity Tower HoT Party (other than Grit) not otherwise being in breach of its obligations under the Infinity Tower Investment Agreement;
- 1.13. there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of Infinity Tower between the date of signature of the Infinity HoT and the Infinity Tower Acquisition Completion Date;
- 1.14. no contract, licence or financial agreement that materially affects the business of Infinity Tower being terminated or materially amended between the date of signature of the Infinity HoT and the Infinity Tower Acquisition Completion Date;
- 1.15. the resignation of directors of Infinity Tower with effect from the Infinity Tower Acquisition Completion Date, without compensation for loss of office or otherwise and the appointment of 2 directors as representatives of Grit (or such other number which results in each of Cantonments City and Grit having the same number of representatives as directors of Infinity Tower immediately following the Infinity Tower Acquisition Completion Date);
- 1.16. Cantonments City providing Grit with forecast management accounts for Infinity Tower in respect of the period to the Infinity Tower Acquisition Completion Date, and such accounts being satisfactory to Grit;
- 1.17. each of the Infinity HoT Parties (other than Grit) delivering an independent legal opinion, in a form satisfactory to Grit, confirming that it has the requisite capacity to enter into the Infinity Tower Investment Agreement;
- 1.18. any shareholder resolutions and board resolutions required for the allotment and issue of the Infinity Acquisition Shares being duly passed by Cantonments City in its capacity as the sole shareholder of Infinity Tower, or the board of directors of Infinity Tower (as applicable);
  - 1.18.1. no government or other person having –
  - 1.18.2. commenced, or threatened to commence, any proceedings or investigation for the purpose of prohibiting or otherwise challenging or interfering with the Infinity Tower Acquisition;
  - 1.18.3. taken or threatened to take any action as a result, or in anticipation, of the Infinity Tower Acquisition that would be inconsistent in any material respect with any of the warranties in the Infinity Tower Investment Agreement; or
  - 1.18.4. enacted or proposed any legislation (including any subordinate legislation) or order, or imposed any condition which would prohibit, materially restrict or materially delay the implementation of the Infinity Tower Acquisition; and
- 1.19. Cantonments City successfully completing the development of the Infinity Tower Property in line with international construction best practices and commercially acceptable industry standards, and according to a development handover checklist which shall be agreed between the Infinity Tower HoT Parties and annexed to the Infinity Tower Investment Agreement.

- 1.20. In terms of the Infinity HoT, the Infinity Tower Acquisition Conditions Precedent must be fulfilled (or waived) by no later than 31 December 2019 (or any such future date that will be mutually agreed by the Infinity Tower HoT Parties. If the Infinity Tower Acquisition Conditions Precedent are not duly fulfilled (or waived) by 31 December 2019, Grit may terminate negotiations in relation to the Infinity Tower Acquisition without incurring any liability to the other Infinity Tower HoT Parties in relation to such termination.
- 1.21. The Infinity HoT are intended to create a commercially binding obligation to proceed with the Infinity Tower Acquisition. However, the obligation to proceed with the Infinity Tower Acquisition will not arise if the Infinity Tower Acquisition Conditions Precedent have not been fulfilled.

### **Conditions precedent applicable to the Portman House Acquisition**

2. The Portman House Acquisition is subject to the fulfilment of the following conditions ("**Portman House Acquisition Conditions Precedent**") –
  - 2.1. Grit conducting a legal, financial, taxation and commercial due diligence investigation on Infinity Tower and providing a letter confirming that it is satisfied with the outcome of the due diligence investigation;
  - 2.2. the completion of a formal valuation by an independent third party RICS-approved valuer acceptable to the CH Group, Goldkey, Cantonments City, Portman House and Grit (together the "**Portman House HoT Parties**") confirming that the open market value of the Portman House Property is equal to or more than the value attributed to it by Grit in computing the purchase consideration;
  - 2.3. the Portman House HoT Parties agreeing, signing and exchanging a detailed and legally binding investment agreement incorporating all the terms of the Portman House Acquisition ("**Portman House Investment Agreement**");
  - 2.4. the Portman House HoT Parties agreeing, signing and exchanging a detailed and legally binding joint venture agreement to regulate their relationship with each other and certain aspects of Portman House's dealings;
  - 2.5. Grit successfully managing to raise the requisite funds required to implement the Portman House Acquisition on terms and conditions acceptable to Grit;
  - 2.6. the Portman House HoT Parties mutually agreeing an adjustment to the purchase consideration for the Portman House Acquisition Shares in light of the completion of the due diligence investigation that Grit wishes to conduct for an amount up to 10% of the purchase consideration;
  - 2.7. the Portman House Head Lease being entered into between Portman House (as landlord) and CH Group (as tenant) in a form acceptable to the Portman House HoT Parties;
  - 2.8. the appointment of Grit or a nominee of Grit, effective post the implementation of the Portman House Acquisition, to provide strategic asset management services to the Portman House at a net rate of 0.1 per cent. of Portman House's gross asset value to be paid by Denton Property Management Service, the property manager for the Portman House Property, to Grit pursuant to an agreement in a form acceptable to the Portman House HoT Parties;
  - 2.9. external bank debt being raised to refinance Portman House's existing external debt on terms and condition acceptable to the Portman House HoT Parties;
  - 2.10. approval of the final form of the documents in connection with the Portman House Acquisition by the board of directors and investment committee of Grit;
  - 2.11. approval of the final form of the documents in connection with the Portman House Acquisition by the board of directors and investment committee of each of CH Group, Goldkey, Cantonments City and Infinity Tower;
  - 2.12. each of the Portman House HoT Parties' (other than Grit's) warranties provided in the Portman House Investment Agreement being true and accurate at the Portman House

Acquisition Completion Date and each Portman House HoT Party (other than Grit) not otherwise being in breach of its obligations under the Portman House Investment Agreement;

- 2.13. there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of Portman House between the date of signature of the Portman House HoT and the Portman House Acquisition Completion Date
- 2.14. no contract, licence or financial agreement that materially affects the business of Portman House being terminated or materially amended between the date of signature of the Portman House HoT and the Portman House Acquisition Completion Date;
- 2.15. the resignation of directors of Portman House with effect from the Completion Date without compensation for loss of office or otherwise and the appointment of 2 directors as representatives of Grit (or such other number which results in each of Cantonments City and Grit having the same number of representatives as directors of Portman House immediately following the Portman House Acquisition Completion Date);
- 2.16. Cantonments City providing Grit with forecast management accounts for Portman House in respect of the period to the Portman House Acquisition Completion Date and such accounts being satisfactory to Grit;
- 2.17. each of the Portman House HoT Parties (other than Grit) delivering an independent legal opinion, in a form satisfactory to Grit, confirming that it has the requisite capacity to enter into the Portman House Investment Agreement;
- 2.18. any shareholder resolutions and board resolutions required for the allotment and issue of the Portman House Acquisition Shares being duly passed by Cantonments City in its capacity as the sole shareholder of Portman House, or the board of directors of Portman House (as applicable); and
  - 2.18.1. no government or other person having –
    - 2.18.1.1. commenced, or threatened to commence, any proceedings or investigation for the purpose of prohibiting or otherwise challenging or interfering with the Portman House Acquisition;
    - 2.18.1.2. taken or threatened to take any action as a result, or in anticipation, of the Portman House Acquisition that would be inconsistent in any material respect with any of the warranties in the Portman House Investment Agreement; or
    - 2.18.1.3. enacted or proposed any legislation (including any subordinate legislation) or order, or imposed any condition which would prohibit, materially restrict or materially delay the implementation of the Portman House Acquisition.
- 2.19. In terms of the Portman House HoT, the Portman House Acquisition Conditions Precedent must be fulfilled (or waived) by no later than 31 December 2019 (or any such future date that will be mutually agreed by the Portman House HoT Parties. If the Portman House Acquisition Conditions Precedent are not duly fulfilled (or waived) by 31 December 2019, Grit may terminate negotiations in relation to the Portman House Acquisition without incurring any liability to the other Portman House HoT Parties in relation to such termination.
- 2.20. The Portman House HoT are intended to create a commercially binding obligation to proceed with the Portman House Acquisition. However, the obligation to proceed with the Portman House Acquisition will not arise if the Portman House Acquisition Conditions Precedent have not been fulfilled.

### **Conditions precedent to the St Helene Subscription**

3. The St Helene Subscription is subject to the fulfilment or waiver of the following conditions precedent ("**St Helene Subscription Conditions Precedent**"):
  - 3.1. the final development handover checklist being submitted to and approved by the Company;
  - 3.2. the St Helene Lease Agreement with PDL being effective and having commenced;

- 3.3. the requisite approvals from the Prime Minister's Office and the Economic Development Board having been duly received in relation to shareholding by non-Mauritian nationals;
- 3.4. written confirmation having been received from St Helene that the St Helene Lease Agreement has come into effect following the issuance of the taking over certificate by the Development Manager;
- 3.5. the Company and FPH entering into a shareholders' agreement in respect of St Helene, concurrent with execution of the St. Helene Subscription;
- 3.6. Artemis, as operator of the St Helene Hospital, and St Helene being granted, to the satisfaction of the Company, all regulatory clearances and operating licenses for Artemis to operate the St Helene Hospital;
- 3.7. St Helene having been granted and issued with an occupancy license for Artemis and PDL to be in a position to legally occupy the St Helene Hospital;
- 3.8. St Helene holding valid insurance policies, on terms and conditions acceptable to the Company, covering the risks associated with the ownership and operation of the St Helene land and St Helene Hospital and the medical equipment of the St Helene Hospital; and
- 3.9. completion of a due diligence exercise in respect of St Helene to the satisfaction of the Company.
- 3.10. Should the St Helene Subscription Conditions Precedent not be fulfilled or waived, St Helene and FPH agree that the St Helene Subscription Agreement shall not become effective and shall be not enforceable.

#### **Conditions precedent to the Coromandel Subscription**

4. The Coromandel Subscription is subject to the fulfilment or waiver of the following conditions precedent ("**Coromandel Subscription Conditions Precedent**");
  - 4.1. the final development handover checklist being submitted to and approved by the Company;
  - 4.2. the Coromandel Sub-Lease Agreement with PDL being effective and having commenced;
  - 4.3. the requisite approvals from the Prime Minister's Office and the Economic Development Board having been duly received in relation to shareholding by non-Mauritian nationals;
  - 4.4. written confirmation between Coromandel and the sub-lessee having been received confirming that the Sub-Lease Agreement has come into effect following the issuance of the taking over certificate by the Development Manager;
  - 4.5. the Company and FPH entering into a shareholders' agreement in respect of Coromandel;
  - 4.6. in terms of the land lease agreement over the Coromandel Land between Coromandel and DBM, DBM acknowledges that it has no objection to Coromandel entering into the Sub-Lease Agreement with PDL and/or the design documents upon which the Coromandel Hospital will be constructed;
  - 4.7. Artemis, as operator of the Coromandel Hospital, and Coromandel being granted, to the satisfaction of the Company, all regulatory clearances and operating licenses for Artemis to operate the Coromandel Hospital;
  - 4.8. Coromandel holding valid insurance policies, on terms and conditions acceptable to the Company, covering the risks associated with the ownership and operation of the Coromandel land and St Helene Hospital and the medical equipment of the St Helene Hospital; and
  - 4.9. completion of a due diligence exercise in respect of Coromandel to the satisfaction of the Company.

- 4.10. Should the Coromandel Subscription Conditions Precedent not be fulfilled or waived, Coromandel and FPH agree that the Coromandel Subscription Agreement shall not become effective and shall be not enforceable

### Conditions Precedent to the Orbit Warehouse Transaction

5. The Orbit Heads of Terms is subject to the fulfilment or waiver of the following conditions precedent ("**Orbit Warehouse Conditions Precedent**") by no later than 30 November 2019 or such other date that may be agreed to in writing by the Parties ("**First Long Stop Date**") –
- 5.1. GSL providing its written confirmation that it has satisfactorily completed a technical, legal, financial, tax and corporate due diligence on PropCo Mauritius, PropCo Kenya, OPAL, Stellar Manufacturing, Stellar Holdco and the Property;
- 5.2. any lenders (including NCBA Bank Kenya Limited) to Orbit Chemicals Industries Limited, having issued a confirmation by way of a signed letter, that they have no objection to the Acquisition, with any conditions that they may have set out in such letter being reasonably acceptable to GSL;
- 5.3. GSL successfully raising the requisite funds required to implement the Acquisition on terms and conditions acceptable to it and GSL issuing a letter to Stellar Manufacturing undertaking to pay the Purchase Consideration to Stellar Holdco on the Closing Date (as defined below);
- 5.4. PropCo Kenya, GSL and OPAL agreeing in writing to –
- 5.4.1. the designs and specifications of the refurbishment of the Orbit Manufacturing Facility (together with the total cost (including all applicable taxes) of undertaking such refurbishment, it being agreed that such refurbishment shall relate to replacement of the roof of the Orbit Manufacturing Facility;
- 5.4.2. the designs and specifications of an additional industrial warehouse facility and/or office buildings to be developed on the Undeveloped Land comprising of approximately 15 185 sqm of gross lettable area ("**Additional Facility**"), it being agreed that changes to such designs and specifications may be mutually agreed between the Parties prior to PropCo Kenya applying for all necessary approvals required from any competent authority or applying for extension of any existing approvals from the relevant competent authority (together with the total cost of undertaking the development of such Additional Facility) provided that such changes will not reduce the yield targeted to be achieved by GSL;
- with such designs and specification being attached as appendices to the applicable agreement to lease to be granted by PropCo Kenya (as landlord) to OPAL (as tenant) over the Undeveloped Land and on which PropCo Kenya will develop the Additional Facility ("**OPAL Additional Facility Triple Net Agreement for Lease**") and the triple net lease to be granted by PropCo Kenya (as landlord) to OPAL (as tenant) over the Orbit Manufacturing Facility ("**OPAL Existing Facility Triple Net Lease**");
- 5.4.3. the Parties agreeing the form and content of the documents and agreements to be entered into by the relevant parties thereto for purposes of effecting the Acquisition ("**Transaction Documents**"); and
- 5.4.4. the board of directors of GSL, Stellar Holdco, Stellar Manufacturing, PropCo Mauritius, PropCo Kenya and OPAL, approving the Acquisition and the Transaction Documents to which they are a party.
- 5.5. If any of the Heads of Terms Conditions Precedent is not fulfilled or waived by the First Long Stop Date, or such further date as may be mutually agreed in writing between the Parties, then –
- 5.5.1. the Heads of Terms will not come into force or effect and the *status quo ante* will be restored as near as may be; and
- 5.5.2. no Party will have a claim against the other except for such claims which may arise from a breach of any other provisions of the Heads of Terms by which they remain bound.

5.5.3. The Parties shall, within 14 days of the First Long Stop Date, execute the Transaction Documents.

**5.6. Conditions Precedent to the implementation of the Orbit Acquisition**

5.6.1. The Orbit Acquisition is subject to the conditions precedent ("**Orbit Acquisition Conditions Precedent**") that by no later than 31 March 2020 or such other date that may be agreed to in writing by the Parties ("**Second Long Stop Date**"), Stellar Manufacturing and GSL procuring the Competition Authority of Kenya's (and if necessary the approval of the COMESA Competition Authority and the East African Community Competition Authority) approval for the transfer of the Sale Shares to GSL, it being agreed by the Parties that if the approval of the COMESA Competition Authority is deemed necessary, then to the extent permitted by law, the Parties shall obtain such approval as a condition subsequent, as soon as practicably possible following closing of the Acquisition.

5.6.2. If the Orbit Acquisition Condition Precedent is not fulfilled or waived by the Second Long Stop Date, or such further date that may be mutually agreed in writing between the Parties, then –

5.6.2.1. the Transaction Documents will not come into force or effect, save to the extent necessary and expressly set out therein; and

5.6.2.2. no Party shall have a claims against the other.