

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")



ACQUISITION OF NEW REIT VEHICLE AND ASSETS IN MOROCCO AND POTENTIAL FOR INCLUSION OF FURTHER ASSETS AND CO-INVESTORS INTO THE REIT

The board of Directors (the "**Board**") of Grit Real Estate Income Group Limited, a leading pan- African income real estate company, focused on investing in and actively managing a diversified portfolio of assets underpinned by predominantly US\$ and Euro denominated long-term leases with high quality multi-national tenants, announces that today the Company entered into a non-binding, conditional Memorandum of Agreement ("**MoA**") with, *inter alia*, Société Soprima (the "**Soprima**") and Residence Massirat Al Houda ("**MAH**" or "**Seller**"), a subsidiary of Soprima and sole legal and beneficial owner of a mixed-use property known as Massira Corner, located in Casablanca, Morocco ("**Property**"), to acquire an interest in an approved Organisme de Placement Collectif Immobilier ("**OPCI**") vehicle promulgated under recent amendments to Moroccan legislation, which is a vehicle in Morocco equivalent to a real estate investment trust ("**REIT**") (the "**Transaction**").

Prior to Grit acquiring an interest in the OPCI, the Seller will contribute the Property to the OPCI vehicle to be approved by the Autorité Marocaine du Marché des Capitaux ("**AMMC**"), the Moroccan Authority of Capital Markets, in exchange for equity. The Transaction will consist of Grit acquiring its share in the OPCI from MAH.

The Property consists of gross lettable area ("**GLA**") of approximately 16,500 sqm and is anchored by Hotel Onomo on an initial lease period of 9 years (renewable for a further 6 years) with 201 keys and occupying c.67% of the GLA, alongside notable high-street retail brands such as H&M, Charles and Keith, Starbucks, Terranova and Cosmos, who occupy the balance of ground floor retail space (c.33%). Massira Corner, which was completed in 2018, is located on a prime, corner site of the "golden triangle" of downtown Casablanca and is considered to be a potential flagship acquisition for the Group.

Subject to further due diligence and approval by the Board, the acquisition price to be paid by Grit for acquiring an interest in the OPCI shall be agreed at an acquisition yield which shall be accretive to shareholders of Grit. The Group is targeting to implement the Transaction prior to 30 June 2020. The Transaction is subject to a number of conditions precedent and the conclusion of binding agreements.

RATIONALE

The Property is consistent with the Group's strategy of owning high quality property assets let to predominantly multinational tenants and generating sustainable hard currency based returns. The Group expects these assets to be well placed to deliver sustainable returns to its shareholders, through both income and capital appreciation, over the short and medium term.

The recent OPCI/REIT legislation framework in Morocco provides for new vehicles dedicated to investment in real estate within a tax efficient structure, and with a deepening of local capital markets, is expected to attract more funds to the sector by providing both tax efficient access for local investors and also the potential for multiyear capitalisation rates compression in the sector.

STRATEGY

Following the completion of the Transaction, Grit intends to grow the asset base of the OPCI/REIT with a number of identified acquisitions to further diversify the vehicle's sector and tenant exposures. The Company has engaged with, and will look to inject equity from, key cornerstone investors to take up shares alongside the Company in the OPCI/REIT structure. The introduction of co-investors is expected to provide a measured reduction in relation to Grit's sole exposure to the vehicle going forward. The Group expects to deliver meaningful returns to shareholders and co-investors in the OPCI/REIT vehicle through both income and capital appreciation from further potential capitalisation rate compression and identified asset management opportunities across the potential assets to be acquired.

The MoA creates a strategic partnership between Soprima and Grit that is intended to provide a growth pipeline for the REIT. Soprima is an established development and investment company with a proven

track record and approximately US\$200 million of real estate assets under management, the majority being tenanted by multi-national companies. Grit, as a part of the MoA signed with Soprma, has additionally secured exclusivity over an industrial asset owned by Soprma, situated in the Meknes Industrial Zone in Morocco, for 120 days from the signing of the MoA. The grade-A light industrial asset is secured by a 10-year triple net lease to Delphi Automotive Systems, Maroc SA (a subsidiary of the New York Stock Exchange (NYSE) listed, Aptiv Plc, previously known as Delphi Automotive Plc)

The Transaction shall constitute an undertaking in the ordinary course of business of Grit and therefore shall not fall under the scope of Chapter 13 of the SEM Listing Rules or under any of the LSE reporting requirements. The Transaction will be categorised in terms of the JSE Limited Listings Requirements when binding agreements in respect of the Transaction have been concluded.

Furthermore, Grit has entered into a non-binding memorandum of understanding with Club Med in relation to the development of a 350-key hospitality resort in Essaouira, Morocco. The transaction entails the greenfield development of a proposed 4 and 5 trident resort, which, upon successful completion, will be leased to Club Med on a 15-year fixed Euro lease and is then expected to be acquired by the OPCI/REIT vehicle. The development is targeted to commence in January 2021, subject to regulatory and investment approvals being forthcoming. The estimated total development value is EUR87 million.

The Company expects that Anfa Place Mall (Grit's 100% owned retail centre in Casablanca in Morocco and the Company's largest asset by value) ("**Anfa**") would be a suitable asset for potential inclusion within this OPCI/REIT vehicle. Following Anfa's significant refurbishment and repositioning programme completed by Grit in September 2019, the asset is showing ongoing stabilisation of income and improved tenant mix which ensures Anfa's long-term profitability and value enhancement.

Further announcements will be made in due course.

Bronwyn Corbett, Chief Executive Officer of Grit, commented:

"I am excited by the opportunities for Grit to significantly and profitably grow the new REIT vehicle's asset base in Morocco with the inclusion of further potential acquisitions. Furthermore, with the support of additional potential equity investors taking up shares in the new vehicle alongside Grit, the Group expects to deliver meaningful returns to shareholders and co-investors in the OPCI/REIT vehicle through both income and capital appreciation from potential capitalisation rate compression and identified asset management opportunities across the potential assets to be acquired."

By order of the Board

12 February 2020

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⁺ (Chairman), Bronwyn Corbett (Chief Executive Officer)*, Leon van de Moortele (Chief Financial Officer)*, Ian Macleod⁺, Nomzamo Radebe, Catherine McIlraith⁺, David Love⁺, Sir Samuel Esson Jonah⁺, 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.