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**")

BUSINESS, PORTFOLIO AND DIVIDEND UPDATE

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, is today providing a further update on the impact of the Coronavirus (COVID-19) on the Company's business, portfolio and dividend.

The Group's high-quality assets have a weighted average lease expiry of 4.7 years, a weighted average contracted lease escalation of 2.7% per annum and are underpinned by a wide range of blue-chip multi-national tenants across a variety of sectors. Grit's property portfolio comprises a total of 47 assets (including 20 properties held in Letlole La Rona in Botswana) with rentals predominantly collected monthly, of which 94.1% are collected in US$, Euro or pegged currencies.

Rent collection and dividend update

- The Group has collected over 80% of April 2020, and at time of writing, over 76% of May 2020 of Grit attributable contracted rental revenues. Grit has additionally collected US$3.15 million in prepaid rents for the 2020 calendar year over this period.
- The Group is providing proportional support to tenants whose operations are being materially impacted by COVID-19, whilst protecting its own position and its responsibility to shareholders.
    - Short term concessions, primarily in the retail segment, have been agreed or are being finalised by the Company on up to 9% of Grit attributable contracted rental revenue due for April 2020 and up to 12% for May 2020.
    - Short term payment deferrals have been agreed or are being finalised on up to 16% of Grit attributable contracted rental revenue due for April and May 2020 (and are therefore now due in the Company's next financial year), driven primarily by the hospitality sector assets.
- The Company's collection of rent in May, June, and July 2020 will best reflect the prevailing level of income generation from the Company's property portfolio over the short term, and given the potential for slower cash collections due to the ongoing uncertainty created by the COVID-19 pandemic, the Board therefore considers it prudent to revise its dividend guidance for the current financial year.
    - The Board is now targeting to pay a full-year dividend of at least US$8.75 cps, which equates to 72% of the level of the prior financial year. The interim dividend declared in February 2020 and paid in April 2020 was US$ 5.25 cps.) The Board will continue to monitor the dividend position for the financial year ending 30 June 2020, with the potential to increase it in line with cash collections over the coming months.

Resilient portfolio performing well

- The corporate accommodation, industrial and office sector assets, which collectively represent approximately 48% of Grit's total net asset value as at 31 December 2019, remain largely unaffected to date. Concessions worth less than 0.05% of Grit attributable monthly contracted rental revenue for May and June have been agreed across these assets.

Hospitality sector

- Hospitality assets constitute 18.8% of Grit's total net asset value as at 31 December 2019. The Company does not have direct hospitality exposure as a result of its fully servicing triple net lease rental contracts with international leisure operators and the lease contracts are underwritten by the holding companies of the respective operators.

- In Senegal, the Company is expecting to provide up to nine months of rent deferral support to Club Med at the Cap Skirring resort. Offsetting this impact, the parties have agreed to a revised development programme spend of EUR2.5 million (from EUR6.5 million previously), undertaking only key refurbishment works on the property to facilitate a targeted re-opening in October 2020. The phase II development programme (up to EUR28 million), as previously announced by the Company, has been delayed by the parties until such time as the hospitality market has stabilised.
- In Mauritius, the government has implemented a wide range of economic and liquidity support programmes, of which the hospitality sector is a large beneficiary. Separately, on 16 May 2020 the COVID-19 (Miscellaneous Provisions) Act 2020 was gazetted into law, including an amendment to the Landlord and Tenant Act. The changes prescribe, inter alia, long term lease contract enforceability alongside a six-month rent deferral option up to August 2020, to be collected in instalments through to 31 December 2021. Whilst this is not expected to impact on the Company's long-term right to receive its contracted lease income, it may result in slower rent collection in the current financial year.

Retail sector

- Notwithstanding the short-term impacts outlined below due to COVID-19, the Group is providing proportional support to its commercial occupiers whose operations are being materially impacted. The Company is furthermore implementing a number of re-opening protocols to allow tenants to safely resume trading as the current local restrictions are lifted, whilst protecting its own position and its responsibility to Grit shareholders. Retail assets constitute 32.1% of Grit's total net asset value as at 31 December 2019.
  - The Moroccan authorities have extended the country's state of emergency to 10 June 2020, resulting in the continued closure of retail stores, restaurants, and entertainment venues across the country. Anfa Place Shopping Centre has been impacted and Grit is providing proportionate support programmes, including varying levels of rental concessions and rent deferrals through to December 2020 to tenants whose operations are materially impacted. The country's state of emergency has also resulted in delays to lease start dates within the mall and inhibited the Company's ability to fill vacant space. This is now expected to impact the mall's recovery trajectory, following its relaunch in September 2019, and, in turn, the Group's financial statements for the current financial year.
  - The Zambian Kwacha has devalued by c.29% since December 2019 and will result in translation impacts to the Company's financial results if current levels persist through this financial year. Isolated examples of tenant stress have been experienced and a mixture of rent concessions and rent deferrals are being offered to affected tenants.

Solid balance sheet

- The Group has a well-financed balance sheet with a 43.9% Group LTV at 31 December 2019, diversified sources of finance, and a weighted average debt maturity of 2.84 years. The Group has accessed revolving credit facilities since the onset of the pandemic, which is expected to take Group LTV above 45% at the financial year end.
- Grit is continuing to engage with all of its lenders, who have confirmed their continued support.
- As a precautionary measure, the Company has agreed, or is in advanced discussions, with its lenders to extend LTV and interest cover covenants and introducing interest holidays on some individual loans.
- The Group's lowest currently imposed LTV covenant stands at 53%, implying a minimum headroom of US$74.8 million as at 31 December 2019.
- The Group's lowest imposed EBITDA covenant stands at 2x against 2.29x as at 31 December 2019. The Group has already seen significant improvements in the ratio as a result of LIBOR rate reductions and expense normalisation which should continue to the financial year end.
- US$ liquidity across Africa has improved. The Company has sourced and repatriated over US$5.8 million from Mozambique over the last eight weeks.
- In January 2020, the Group deployed operational cashflows of EUR10.3 million to fund the equity element of its Club Med Cap Skirring acquisition.

- The Company has no debt maturities before May 2021 save for a US$15 million bullet instalment payment due in October 2020. The Company is progressing well with restructuring the October instalment and will make an announcement in due course.

Liquidity preservation

Notwithstanding the resilience of Grit's portfolio, given the ongoing global uncertainty caused by COVID-19, the Board has mandated a number of strategies to strengthen its cash position.

- The Group continues to impose a moratorium on all non-essential capital expenditure, travel and new investments.
- The Group is continuing to focus on reducing administrative expenses and is implementing a programme with identified cost savings of over US$3 million on an annualised basis.
- As part of this programme, the senior management have agreed to reduce their salaries by 20% for a period of three months starting from April 2020, reverting to a 10% reduction for a further six months thereafter.
- The Company has extended the target execution dates on all of its announced pipeline opportunities and is assessing each one of these in the context of funding options, return profiles and capital allocation requirements, including, inter alia, co-development and co-funding models. All announced pipeline opportunities are still under negotiation and in certain instances announced terms may change. We will make further announcements on these in due course.
- A continued focus on non-core asset disposals and other asset recycling opportunities that were identified and in progress prior to the COVID-19 pandemic.

Outlook

The Board is continuing to closely monitor rent collections and the impacts of the lifting of government imposed lockdowns and social distancing measures across the Company's portfolio.

This Board will continue to monitor the dividend position for the financial year ending 30 June 2020 with the potential to increase the new target announced today in line with cash collections achieved over the coming months.

The Board expects the results for the financial year ending 30 June 2020 to be impacted by COVID-19 and will update shareholders by early July 2020 when it expects to have improved visibility. However, the Board continues to draw comfort from the structure of its lease contracts, the quality of its multi-national tenants and the diversification of its portfolio across multiple geographies and asset classes.

By Order of the Board

3 June 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

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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

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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.