

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 AND PORTFOLIO UPDATE, 4 WEEK POSTPONEMENT OF DIVIDEND PAYMENT AND COVID-19

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 the Company remains well placed to effectively navigate this period of uncertainty and to mitigate the risks presented by this unprecedented event. It is today providing an update on the impact of the Coronavirus (COVID-19) on the Company's business, portfolio and dividend.

The safety and wellbeing of Grit's people and their families, our tenants, communities and wider stakeholders remains our top priority while the Group works hard to contain and mitigate the potential effects of the pandemic. The Group is closely monitoring the recommendations issued by the World Health Organisation, various governments and relevant authorities and will continue to comply with these across our operations.

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 LLR) with rentals predominantly collected monthly, of which 94.1% are collected in US\$, Euro or pegged currencies.

The Company's leadership team and all of our colleagues have been working tirelessly through this challenging and uncertain time to maintain, secure and operate our buildings and business effectively, often under very difficult circumstances. The Board is hugely grateful to them all.

Summary update

- The Company continues to be in constant communication with all its tenants and key service providers to keep abreast of and review their circumstances as they respond to the pandemic. Operational staff are providing ongoing feedback to the Board and it will adjust the Company's approach when and where necessary.
- Anfa Place Shopping Centre and the Group's five hospitality properties are currently experiencing significant business interruption but, save for a few minor supply chain interruptions and isolated tenant stress in the retail sector, the remainder of the portfolio remains largely unaffected to date.
- The Company remains strongly cash generative at an asset level and the majority of monthly and quarterly rental collections continue uninterrupted to date.
- As a result of disruptions across African domestic financial markets, the Company is experiencing longer central bank processing times and delays in movements of cash balances to Mauritius. This, combined with the potential for slower cash collections and uncertain impacts of the evolving pandemic, has resulted in the Company implementing strategies to preserve liquidity across its central operations.
- The Company is also considering its target execution dates on a number of the announced pipeline opportunities and is assessing these in the context of funding options.
- The Company today announces a four-week postponement in the payment of its interim dividend of US\$5.25 cents per share to 30 April 2020. The dividend postponement does not impact on the Company's current stated dividend policy.
- The financial results for the upcoming full financial year ending 30 June 2020 are expected to be influenced by current events and market conditions, although it is not possible at this stage to quantify with certainty the potential impact.

Bronwyn Corbett, Chief Executive, commented:

"We have built a defensive and resilient portfolio on the back of strong relationships with our large multinational tenants and we remain committed to providing them long term real estate solutions whilst uplifting the people of Africa.

Our balance sheet remains robust, we have access to sufficient liquidity and our assets continue to generate strong cashflows. The ability of our commercial tenants to seamlessly resume trading when current restrictions begin to be relaxed remains one of our top priorities. We will continue to monitor closely the developing situation and update the market as appropriate."

Four-week postponement of dividend payment

The Board today announces a four-week postponement in settlement of the interim dividend of US\$5.25 cents per share for the six-month period to 31 December 2019.

Dividend number 12, which was declared on 13 February 2020 ([link here](#)), will now be paid to shareholders on Thursday, 30 April 2020.

The Company remains strongly cash generative at asset level as a result of its high-quality lease contracts, predominantly collected in US dollars, Euros or pegged currencies from high-quality multinational tenants across a diverse sector base. The payment postponement does not impact on the Company's current stated dividend policy. However, the Company is continuing to monitor closely the development of COVID-19 carefully and will keep shareholders updated on any material developments that affects the Company as the situation evolves.

In postponing the dividend payment date, the Board has taken into account the potential for disruptions caused by COVID-19 in the domestic African financial markets in which Grit operates, a lack of dollar liquidity in Mozambique, the uncertain impact of the pandemic and the expectations of longer time frames associated with central bank processes and moving cash balances to Mauritius.

The decision to postpone the dividend payment date has been taken by the Board following consultation with the various Exchanges on which the Company's shares are listed.

The Board does not expect any further postponement to the payment of the dividend and is confident that this prudent measure is in the best interest of all stakeholders against the backdrop of the current global COVID-19 pandemic.

Notes

1. Shareholders on the Mauritian sub-register who have opted to receive their dividends through bank transfer will be paid in US\$. Shareholders on the Mauritian sub-register who have opted to receive their dividends by cheque will be provided with a MUR bank cheque based on the US\$:MUR exchange rate prevailing on the payment date being Thursday, 30 April 2020
2. Shareholders on the South African sub-register will receive dividends in South African Rand, based on the exchange rate announced by the Company on Tuesday, 25 February 2020.
3. Shareholders on the UK sub-register will receive dividends in US\$ unless they have previously made an election to receive the dividend in Sterling.

In terms of the JSE Listings Requirements regarding Dividends Tax, the following information is only of direct application to shareholders on the South African share register, as the dividend is regarded as a foreign dividend for shareholders on the South African share register:

- the interim dividend is subject to South African Dividends Tax;
- the local dividend tax rate is 20%;
- there is no withholding tax payable in Mauritius;
- the number of ordinary shares in issue is 316 235 546; and
- the Mauritian income tax reference number of the Company is 27331528.

Resilient portfolio performing well

- The Board has mandated an internal steering committee (the "Steering Committee"), constituting executive and senior managers, to monitor the situation across all countries of operation.
- The corporate accommodation, industrial and office sector assets remain largely unaffected at present.

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 lease contracts are underwritten by the holding companies of the respective operators.
- As a result of border closures in both Senegal and Mauritius, the hospitality industry has slowed significantly; although both countries were coming to the end of their respective peak seasons.
- The hospitality groups have all implemented cashflow mitigation actions, and whilst Grit might experience delays in the timing of payments, the Board expects that these groups will continue to have sufficient support and liquidity to continue settling their obligations in due course.
- The Mauritian government has announced support programmes and local banks are providing large scale liquidity facilities to the broader economy. The hospitality sector is expected to be a large beneficiary of the announced programmes.
- Authorities have separately requested that several three and four star rated hotels on the island of Mauritius to be made available to accommodate returning residents who are required to enter a mandatory 14-day quarantine period. Included in the hotels being made available by the operators, are three resorts jointly owned by Grit.

Retail sector

- On 19 March 2020, Moroccan authorities declared a state of emergency resulting in a number of retail stores, restaurants and entertainment venues temporarily closing across the country.
- Anfa Place Shopping Centre has similarly been impacted and only the food, pharmacy, banking and telecommunications retailers currently remain open within the centre. Grit is providing support programmes, including rental concessions to tenants affected by the government enforced closures within the Company's centre. The state of emergency is also expected to delay completion of some tenant installations which shall result in delays to lease start dates within the mall.
- Edcon, a South African fashion retailer, is facing financial stress. The Edcon group represents only 1.2% of Grit's total Group rental income. Discussions are currently underway with a well-known international retail brand to take up any space that might become available within Grit's Zambian malls.
- The Zambian and Mozambique retail portfolios have seen manageable supply chain interruptions and only minor temporary store closures to date. Due to their tenant base of predominantly basic needs retailers, it is not expected that the likely forced shutdowns will incapacitate the operations of the centres.
- Notwithstanding this short-term uncertainty, the Group is supporting its commercial occupiers with solutions to help ensure they are in a position to resume trading once the current restrictions are lifted.

Strong balance sheet and liquidity position

- Grit is continuing to engage with all of its lenders, who have confirmed their continued support.
- The Group has a well-financed balance sheet with a 43.9% Group LTV as at 31 December 2019, diversified sources of finance, and a weighted average debt maturity of 2.84 years.
- The Company has no debt maturities before May 2021 save for a \$15million bullet instalment payment due in October 2020. The Company is well progressed in restructuring the October instalment and will make an announcement in due course.
- The Group's lowest imposed LTV covenant stands at 53%, implying headroom of US\$74.8 million as at 31 December 2019.
- The Group's lowest imposed EBITDA covenant stands a 2x against 2.29x as at 31 December 2019. The Group expects improvements in this ratio as a result of LIBOR rate reductions and expense normalisation and expects headroom in excess of US\$10 million by the financial year end.
- The Company remains strongly cash generative and has sufficient access to liquidity facilities.
- Notwithstanding the resilience of Grit's portfolio, given the global uncertainties and evolving pandemic, the Board has mandated a number of strategies to preserve liquidity, including:
 - a moratorium on all non-essential expenditure, travel and new investments other than by specific exception;
 - the Company is considering its target execution dates on a number of the announced pipeline opportunities and is assessing these in the context of funding options; and

- a continued focus on non-core asset disposals and other asset recycling opportunities identified prior to the onset of the pandemic.

Outlook

The Board appreciates the fluidity and seriousness of the situation and cannot at this stage quantify all the potential impacts that COVID-19 may have on the Company. It draws comfort from the structure of its contracts, the quality of its multi-national tenants and the diversification of its portfolio across multiple geographies and asset classes. The Company is continuing to monitor carefully the development of COVID-19 and will keep shareholders updated as the situation evolves.

By Order of the Board

31 March 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

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.