Shareholders are advised that on 23 July 2019, the Company, through its wholly-owned subsidiary Casamance Holdings Limited (the “Purchaser”), entered into a sale and purchase agreement (the “Agreement”) relating to the shares of Société Immobiliére et de Gestion Hôteliére du cap Skirring (“SIGHC”) with Club Med SAS (the “Seller” or “Club Med”).

Under the terms of the Agreement, the Company will acquire 100% of the shares in SIGHC (the “Shares”), the owner of the property known as Club Med Cap Skirring, a 4-trident hotel situated at the Club Med resort at Vacap Cap Skirring B.P 46 SN, Kabrousse 27009, Senegal (the “Property”) and the rental enterprise conducted by SIGHC on the Property (“Rental Enterprise”), as a going concern, for a provisional purchase consideration of EUR 11.6 million (“Provisional Purchase Consideration”), subject to adjustments and settlement of Intra-Group Loan accounts as set out below (the “Acquisition”).

Under the terms of the Agreement, Club Med, acting on behalf of SIGHC, will renovate part of the hotel and expand it at a development cost of EUR 25 million, capped at EUR 28 million. The development programme will be carried out by Club Med as SIGHC’s appointed “Owner’s Agent” who will be responsible for any cost overrun.

RATIONAL FOR THE ACQUISITION

Club Med is an operator of over 70 all-inclusive resort villages in holiday locations in 26 countries across five continents and has successfully been operating Club Med Skirring in Senegal since 1973. Club Med is primarily owned by Fosun International Limited, a Chinese international conglomerate and investment company listed on the Hong Kong Stock Exchange.

Grit will enter into a strategic relationship through this sale and leaseback, and will target to provide further real estate solutions to Club Med across the other African jurisdictions that it operates in. The addition of Club Med as a tenant consolidates the existing list of strong hotel counterparties that the Company works with in the hospitality sector.

Through the long-term triple net lease underpinned by a new hard currency Euro lease and parent company guarantee, Grit will take no direct hospitality operating risk.

The Acquisition is expected to enable Grit to enter, in a targeted manner, the property market of the Republic of Senegal, one of Africa’s most stable countries with a large and high growth economy, and where the IMF anticipates stronger and more sustainable growth rates in the coming years. The addition of this hotel asset into the Group’s portfolio will provide further geographical diversification to Grit’s existing portfolio.

Through Grit’s financing under the development programme, Club Med will expand the operations of the hotel and employ an additional 70 permanent staff members in addition to its 250 current employees. Post completion of this Acquisition, Club Med is expected to operate an additional flight from Brussel airport, Belgium, to Dakar airport, Senegal, giving a
boost to the local economy and growth to the broader country. This is in line with Grit’s mission statement – whereby Grit commits to “ignite the furnace of growth in Africa”.

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

“We are pleased to be acquiring the Club Med Cap Skirring, a 4-trident hotel and resort village in the Republic of Senegal, adding one of Africa’s most politically stable and fastest growing markets to Grit’s current geographic footprint. We are proud to have now added an eight country to our list jurisdictions in Africa and our 26th property to Grit’s asset portfolio.

The property is being acquired at an attractive yield and will be on let on a new long term 12-year lease to a strong tenant covenant. Club Med adds further high-quality tenant diversification to Grit’s current list of robust hotel operators. I look forward to working with them to deliver a real estate solution across the African jurisdictions in which it operates, creating further value for Club Med and for Grit’s shareholders.”

**PURCHASE CONSIDERATION**

The Provisional Purchase Consideration of EUR 11.6 million will be paid on the Completion Date in addition to the settlement of the Inter-Group Loan balances as at that date. The provisional balance of the Intra-Group Loan to be assigned at 30 September 2019 is EUR 4.0 million.

The Provisional Purchase Consideration was determined with reference to the pro forma balance sheet and the related profit and loss accounts of SIGHC as at 30 September 2019 (“Provisional Accounts”). These can be updated by mutual agreement between the Seller and the Purchaser prior to the Completion Date.

After the Completion Date (as defined below), the final balance sheet and profit and loss statements of SIGHC (“Final Accounts”) will be used to determine the final purchase consideration (“Final Purchase Consideration”).

Provided that the Final Purchase Consideration plus the settlement of the Inter-group loans shall not exceed EUR 20 million, the difference between the Final Purchase Consideration and the Provisional Purchase Consideration will be settled between the parties in cash.

**CONDITIONS PRECEDENT**

The remaining conditions precedent (“Conditions Precedent”), including items needing to be addressed based on the findings of the due diligence, and items that are required to be provided as final verification for completion of the transaction are as follows:

- the Purchaser securing a firm offer for bank funding, from one of several top ranking banks;
- the Seller providing the Purchaser with further documentary evidence that the Property is free of any charge, mortgage or encumbrances and that SIGHC is the rightful owner of the Property;
- the Seller providing the Purchaser with documentary evidence of the lawful erection and occupation of the constructions located on (or close to) the waterfront, which are included in the Property;
- the Seller providing the Purchaser with:
  - Documentary evidence of the wire transfers of funds made available by the Seller to the Company under the Intra-Group Loan,
  - Written confirmation by the bank holding SIGHC’s bank accounts that, following the assignment of the Intra-Group Loan, the bank will transfer any reimbursements under the Intra-Group Loan to the Purchaser;
- Société de Gestion Touristique du Cap, the company renting the Property, which is also wholly-owned by the Seller (“SOGETOC”), and SIGHC obtaining favourable tax treatment
granted under the so-called “Casamance law” in Senegal, specifically including a 10-year exemption on all relevant taxes (except withholding tax exemptions on interest).

The Conditions Precedent must be fulfilled (or waived) by no later than 1 December 2019. If any or all of the Conditions Precedent are not duly fulfilled (or waived) by 20 December 2019, the Agreement will be obsolete and void as of right and the Parties will be released from any and all obligations with regard to each other.

COMPLETION DATE OF THE ACQUISITION

The completion date of the Acquisition will be the date on which ownership of the Shares is effectively transferred by the Seller to the Purchaser, which is expected to occur no later than 20 December 2019 (the “Completion Date”).

REPRESENTATIONS AND WARRANTIES

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

OTHER SIGNIFICANT TERMS

On completion of the Acquisition, a new lease agreement ("New Lease Agreement") will be signed, providing for annual rental of EUR 1.26 million on the existing hotel. Upon completion of the development and hotel expansion, a lease that achieves a similar 8% property yield, based upon the final build cost, will be concluded on largely the same terms and conditions.

The Seller will provide SIGHC with a rental guarantee for the duration of the lease to secure the performance by SOGETOC of its payment under the new lease agreement, capped at an amount equal to three years rent payable by SOGETOC to SIGHC, excluding tax.

CLUB MED (or its affiliate, acting as Owner’s Agent), on behalf of SIGHC (acting as owner of the Property and client) shall execute a renovation and development programme to the Property. The works are to be financed and owned by Grit (through its by then 100% subsidiary, SIGHC) up to EUR 28 million excluding VAT. Should the effective aggregate amount of the project costs exceed EUR 28 million excluding VAT, the Owner’s Agent will undertake to bear all costs in excess of such amount that would be necessary for the completion of the works.

THE PROPERTY

Details of the Property are as follows:

<table>
<thead>
<tr>
<th>Property Name and Address</th>
<th>Geographical Location</th>
<th>Sector</th>
<th>Gross Lettable Area (m2)</th>
<th>Weighted Average Gross Rental / m2/ month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Club Med Cap Skirring, situated at Vacap Cap Skirring B.P 46 SN, Kabrousse 27009, Senegal</td>
<td>Senegal</td>
<td>Hospitality</td>
<td>16,462</td>
<td>EUR 6.4</td>
</tr>
</tbody>
</table>

Details regarding the Property, as at the anticipated Completion Date, are set out below:

<table>
<thead>
<tr>
<th>Purchase Yield Attributable to Shareholders</th>
<th>Weighted Average Annual Escalation</th>
<th>Weighted Average Lease Duration (years)</th>
<th>Vacancy % by Gross Lettable Area</th>
</tr>
</thead>
</table>
Notes:

a) In addition to the Purchase Consideration, the costs associated with the Acquisition are estimated at USD 378,000. No agents’ commission is payable in respect of the Acquisition.

b) The Purchase Consideration payable in respect of the Rental Enterprise (which includes 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. Preliminary independent valuations obtained support the directors’ appraisals.

FINANCIAL INFORMATION OF THE ACQUISITION

The audited annual financial statements of SIGHC for the year ended 31 December 2018, were prepared in terms of Organisation pour l’Harmonisation en Afrique du Droit des Affaires (“OHADA”) accounting principles.

a) The value of the net assets comprising the Rental Enterprise was CFA 1,419,399,330 (EUR 2,163,860).

b) The audited profits after tax attributable to the Rental Enterprise for the year ended 31 December 2018, was CFA 260,195,056 (EUR 396,665).

Exchange rate: EUR 1: CFA 655.96.

On completion of the Acquisition, the annual rent payable will rise to EUR 1.26 million per annum. Therefore, at the Completion Date, the execution of the new lease agreement is expected to substantially alter the financial performance including upward changes to SIGHC’s profit after tax in subsequent years.

CLASSIFICATION OF THE ACQUISITION

The Acquisition constitutes a category 2 transaction in terms of the JSE Limited Listings Requirements.

The Acquisition constitutes an undertaking in the ordinary course of business of Grit and therefore does not fall under the scope of Chapter 13 of the SEM Listing Rules or under any of the LSE reporting requirements.

By order of the Board

24 July 2019

FOR FURTHER INFORMATION PLEASE CONTACT:

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Jason Ochere

finnCap Ltd – UK Financial Adviser
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 an annual dividend yield in US$ of 8%+ and 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/

*These are targets only and are not a profit forecast, there can be no assurance that they will be met.

Directors:

Peter Todd* (Chairman), Bronwyn Corbett (Chief Executive Officer)*, Leon van de Moortele (Chief Financial Officer)*, Ian Macleod*, Nomzano Radebe, Catherine McIlraith*, David Love*, Sir Samuel Esson Jonah*, and Bright Laaka (Permanent Alternate Director to Nomzano 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, Ebène, 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

Sponsoring Broker: Axys Stockbroking Ltd

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.