EXEMPLAR

INTEGRATED REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2019

Unlocking value and delivering strong, sustainable growth to shareholders through investment in prime retail real estate within the under-serviced markets of South Africa… uplifting entire communities in the process.

EXEMPLAR

Exemplar REITail Limited is a market leader in the ownership and management of retail real estate in South Africa.

Alex Mall | Gauteng

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ABOUT THIS REPORT

Exemplar is pleased to present its inaugural Integrated Annual Report (IAR).

SCOPE AND BOUNDARY

This report presents a holistic view of the Group for the period ended 28 February 2019 and provides details pertaining to our performance as well as how our governance and business practices can create sustainable value for our stakeholders in the short, medium and long term. Details of our investments in subsidiaries, joint ventures and jointly controlled assets appear in our Annual Financial Statements (AFS).

ASSURANCE AND REPORTING PRINCIPLES

The requirements of King IV, the JSE Listings Requirements and the International <IR> Framework have all been taken into consideration when compiling this report.

Our AFS have been prepared in accordance with International Financial Reporting Standards as well as the requirements of the Companies Act. We have received external assurance from our auditors, BDO South Africa Incorporated, on the impartial presentation of the AFS. You can view the external auditor's report on page 77.

The Audit and Risk Committee report commences on page 71 and provides an overview of the steps taken pertaining to optimising assurance within the Company and its operations.

MATERIALITY

This report deals with all material matters that impact our ability to create value for our stakeholders in the short, medium and long term.

These material matters are taken into consideration when making our strategic choices to ensure risk is mitigated and opportunities maximised.

FORWARD-LOOKING STATEMENTS

Reference has been made to forward-looking statements in this report with regard to the Group's future performance and prospects. While these statements reflect our opinions and expectations at the time of preparing this report, emerging risks, uncertainties and other important factors may result in actual results differing materially from our expectations.

BOARD RESPONSIBILITY STATEMENT

Exemplar's board, with the assistance of the Audit and Risk Committee, recognises its responsibility to ensure the accuracy and integrity of the IAR.

After thorough review and consultation, the board concludes that the IAR has been presented in accordance with the International <IR> Framework, addresses all material matters and presents fairly the performance of the Company.

BOARD OF DIRECTORS

Frank M Berkeley
CHAIR OF THE BOARD

John McCormick
EXECUTIVE DIRECTOR

Jason McCormick
CHIEF EXECUTIVE OFFICER

Duncan A Church
CHIEF FINANCIAL OFFICER

Peter J Katzenellenbogen
LEAD INDEPENDENT DIRECTOR

Elias P Maponya
INDEPENDENT NON-EXECUTIVE DIRECTOR

Gregory VC Azzopardi
INDEPENDENT NON-EXECUTIVE DIRECTOR

CHAPTER 1

ABOUT EXEMPLAR

Alex Mall | Gauteng

WHO WE ARE

Exemplar is a market-leading owner-manager of township and rural retail space.

Born out of McCormick Property Development (MPD), a company with over 36 years of experience in developing and managing rural and township shopping centres, Exemplar offers investors access to a unique portfolio of 20 retail centres, spanning 331 388m^2 of leasable area across five provinces. The portfolio is valued at R5,406b and all properties are internally asset and property managed.

We believe in maximising the long-term investment potential and viability of each of our assets as opposed to trying to gain maximum profit for minimum spend.

One of our primary focus areas is the economic sustainability of the fragile economies within the communities that we develop, with sustainable rental levels and operational cost management a priority.

Environmental development models and the sustainability of services are other top priorities.

Our mission is uplifting communities through investment in quality assets in under-serviced markets, unlocking value and delivering sustainable distribution growth for our shareholders.

Tsakane Mall | Gauteng

We focus on the economic sustainability of the fragile economies within the communities that we develop.

2019 HIGHLIGHTS

The highlight of the year was undoubtedly the listing of Exemplar on the JSE in June.

Despite incredibly volatile market conditions and additional scrutiny being placed on new listings by the JSE, the approval to proceed with the listing of Exemplar on the main board of the JSE on 12 June 2018 ushered in a new era for the Group.

Access to a lower cost of capital has provided Exemplar with a far broader horizon of growth opportunities which will undoubtedly form the basis for future highlights.

SECONDARY HIGHLIGHTS WERE:

1 The completion and acquisition of the 5 054m^2 expansion of Modi Mall in Modimolle, Limpopo. The expansion included Shoprite as a second food anchor and broadened the asset's appeal to the wider market. The asset has shown a tremendous increase in footfall of 33.9% (Nov - Mar 2017/2018 vs Nov - Mar 2018/2019) since the opening of the expansion and creates the perfect platform for further expansion in the future as it consolidates itself as a small regional mall at the "Gateway to the Waterberg".

2 The completion of the 12 122m^2 expansion of Kwagga Mall and its conversion into an enclosed regional mall of circa 34 550m^2, with the acquisition of Exemplar's pro-rata portion (5 274m^2) being brought into the Group on 1 December 2018. Historically one of the strongest trading assets within the portfolio, this expansion has added significant dominance and will future-proof this asset.

Alex Mall | Gauteng

CHAIR'S REPORT

In this first Chair's report for Exemplar, I shall refrain from discussing in detail the problems faced by the South African economy, as all have been well-documented and it is how one responds to such challenges that defines the relative success of corporations and institutions.

We at Exemplar take the view that whilst there is very little that we can do to solve the larger macro-economic problems, there is much that we can do to tackle the issues within the micro-economies centred around the assets that we control. It is extremely important for us to remain very aware of changes and challenges within our operating environment, not only on a macro level, but also on a micro level at each shopping centre as in many cases our shopping centres are important for the continuing successful functioning and well-being of surrounding communities. For this reason we endeavour to meet the needs of not only the tenants in our centres, but also very importantly, to meet the needs of our ultimate customers.

We operate in a specialised niche of the property industry and our strategy is to continue to focus all our skills on this niche, where we still see opportunities for quality growth. By concentrating all our efforts and our knowledge on our chosen market and not allowing ourselves to be tempted to become involved in markets and opportunities which would distract us from our core business, we believe that we will, over time, at the very least be able to match and very likely better the performance of our peer group.

We are also very conscious of managing the risks within our business, and considerable effort is expended in identifying and mitigating these risks as far as is economically feasible.

It is not our strategy to grow for growth's sake, which in the present environment would not be very challenging as many investors are trying to dispose of their investments. We will only consider making acquisitions when we can see real opportunity to unlock value in properties situated in prime locations and will only invest in properties that are congruent with the nature of those already within the portfolio, at prices that enhance distribution growth or underlying asset values.

We sincerely believe that, notwithstanding the challenges facing South Africa, there are still opportunities to deliver superior returns to our shareholders. By providing exemplary service to our tenants and their customers through well-designed, well-managed, dominant retail centres, in the correct locations, we believe that we will be able to continue to deliver strong returns to both our tenants and our shareholders.

It is very pleasing that we have been able to deliver on the projections that we made in Exemplar's Prospectus. Further details are provided in both the CEO's and CFO's reports. This is notwithstanding that we believe the economic environment has deteriorated since the first half of 2018, when the projections were made.

We are hopeful that, with the national and provincial elections behind us, the political landscape will stabilise and visible progress will be made by government to grow the economy and improve the negative investor sentiment that currently prevails. The prospects of the Company are inextricably tied to the future of South Africa and any increase in the welfare of the vast majority of the people of South Africa will have an increasingly positive effect on Exemplar's performance into the future.

Since our listing in June 2018 we have not only concentrated our efforts on delivering on our projections, but we have been very conscious of instituting policies and structures that ensure good corporate governance, and, perhaps even more important, also creating a culture within the organisation that engenders such values. We have adopted the required policies, constituted the necessary committees and are very aware of constantly maintaining vigilance to ensure that good governance prevails at all times. It is particularly gratifying to me to have experienced the enthusiasm with which the executives have embraced and supported the concept, discipline and practice of good corporate governance.

We are also very aware that we do not have sufficient diversity in our board of directors and we will be working hard to improve this situation, which we believe will add to the effectiveness of the board in the future. It is important for us to attract board members who can add skills, perspectives and insights to ensure that we broaden the experience, capability and skills of the board as far as possible.

I would like to thank my fellow board members for the huge energy and commitment that every board member has demonstrated to ensure a successful initial period for Exemplar. The workload that was necessary to complete the Prospectus and thereafter to institute all the necessary structures was immense, but was tackled with enthusiasm by all the board members who have contributed their different and complementary skills and knowledge to set us on the path of success.

My thanks, too, to the management and staff who have demonstrated not only great enthusiasm but also great diligence and ability in achieving what Exemplar has achieved to date.

Finally, I would like to thank all our investors, suppliers, tenants, bankers and our customers for their continued support and I give them our assurance that we will continue to do everything possible to support them and provide them with the best service possible.

FRANK BERKELEY
Chair

INVESTMENT PORTFOLIO AT A GLANCE

The Exemplar portfolio spans across five provinces, totalling 331 388m² and is 100% retail focussed. The 20 retail centres range in size from 4 797m² to 41 546m², with an average size of 21 672m².

PORTFOLIO VALUE R5.406b

331 388m² TOTAL

20 RETAIL CENTRES

100% RETAIL FOCUSSED

5 PROVINCES

AVERAGE CENTRE SIZE 21 672m²

TENANTS BY GEOGRAPHIC SEGMENT

% BY GLA

37.5% GAUTENG

24.5% MPUMALANGA

17.8% KWAZULU-NATAL

16.1% LIMPOPO

4.1% EASTERN CAPE

% BY REVENUE

42.6% GAUTENG

23.4% MPUMALANGA

15.7% KWAZULU-NATAL

15.0% LIMPOPO

3.3% EASTERN CAPE

GAUTENG

1 Alex Mall
29 559m²
Alexandra
Economic Interest **100%**
Weighted avg. rental (R/m²) 129.17

2 Atteridge Stadium Centre
4 797m²
Atteridgeville
Economic Interest **100%**
Weighted avg. rental (R/m²) 164.27

3 Chris Hani Crossing
41 546m²
Vosloorus
Economic Interest **50%**
Weighted avg. rental (R/m²) 160.72

4 Diepkloof Square
15 779m²
Soweto
Economic Interest **100%**
Weighted avg. rental (R/m²) 133.96

5 Olievenhout Plaza
17 111m²
Olievenhoutbosch
Economic Interest **100%**
Weighted avg. rental (R/m²) 126.40

6 Thorntree Shopping Centre
16 372m²
Soshanguve
Economic Interest **100%**
Weighted avg. rental (R/m²) 138.76

7 Tsakane Mall
39 422m²
East Rand
Economic Interest **50%**
Weighted avg. rental (R/m²) 141.13

LIMPOPO

8 Blouberg Mall
13 333m²
Bochum
Economic Interest **100%**
Weighted avg. rental (R/m²) 135.03

9 Jane Furse Plaza
18 919m²
Jane Furse
Economic Interest **29,83%**
Weighted avg. rental (R/m²) 136.11

10 Maake Plaza
15 728m²
Tzaneen
Economic Interest **30%**
Weighted avg. rental (R/m²) 119.28

11 Modi Mall
22 863m²
Modimolle
Economic Interest **100%**
Weighted avg. rental (R/m²) 106.94

12 Modjadji Plaza
9 799m²
Ga-Kgapane
Economic Interest **70%**
Weighted avg. rental (R/m²) 140.46

MPUMALANGA

13 Acornhoek Megacity
26 442m²
Bushbuckridge
Economic Interest **43,98%**
Weighted avg. rental (R/m²) 115.07

14 Emoyeni Mall
26 591m²
Emoyeni
Economic Interest **100%**
Weighted avg. rental (R/m²) 125.21

15 Kwagga Mall
34 550m²
Kwaggafontein
Economic Interest **43,51%**
Weighted avg. rental (R/m²) 146.54

16 Phola Mall
27 884m²
KwaMhlanga
Economic Interest **53%**
Weighted avg. rental (R/m²) 125.58

KWAZULU-NATAL

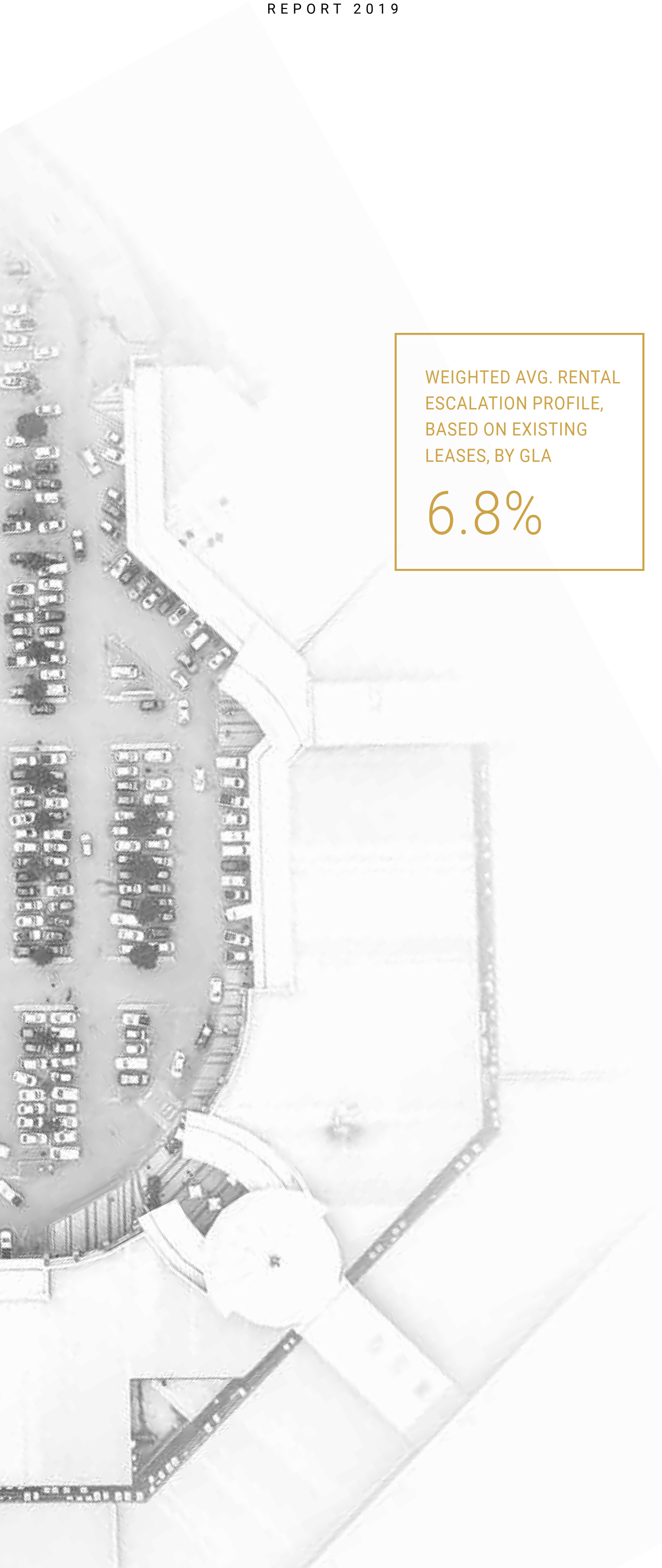
17 Greater Edendale Mall
31 825m²
Pietermaritzburg
Economic Interest **100%**
Weighted avg. rental (R/m²) 107.57

18 Mandeni Mall
12 029m²
Mandeni
Economic Interest **50%**
Weighted avg. rental (R/m²) 122.74

19 Theku Plaza
15 281m²
Newcastle
Economic Interest **82,5%**
Weighted avg. rental (R/m²) 122.48

EASTERN CAPE

20 Lusiki Plaza
13 597m²
Lusikisiki
Economic Interest **100%**
Weighted avg. rental (R/m²) 120.54



WEIGHTED AVG. RENTAL ESCALATION PROFILE, BASED ON EXISTING LEASES, BY GLA

6.8%

ANNUALISED PROPERTY YIELD

8.30%

PORTFOLIO FAIR VALUE:

R5.406b

VACANCY PROFILE

The vacancy profile indicated above reflects the vacancy percentage in terms of current GLA.

WEIGHTED AVERAGE RENTAL PER M^2

RETAIL SECTOR R128.54 per m^2

Greater Edendale Mall | Pietermaritzburg

TENANT PROFILE (GLA)

84.83% CATEGORY A
272 402 m^2

Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. These include, inter alia, Shoprite, Woolworths, Pick 'n Pay, Superspar, Game, Truworths Group, Foschini Group, Mr Price Group, Pepkor, ABSA, FNB, Standard Bank, Nedbank, KFC, Famous Brands, McDonalds, OK Furniture, Liquor City, Roots Butchery, Cashbuild, Builders Superstore.

3.31% CATEGORY B
10 629m^2

Smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms. These include, inter alia, Studio 88, Webbers, Legit, Beaver Canoe, Rage, Delicious Fish & Chips.

11.86% CATEGORY C
38 084m^2

Local tenants and sole proprietors, including hair salons, doctors and pharmacists. This comprises approximately 400 tenants, each predominantly having a small GLA footprint.

LEASE EXPIRY PROFILE

	By GLA	By Revenue
Vacant	3.1%	
EXPIRING:		
February 2020 35.9% renewals already renewed at an average 7.36% escalation. 93.16% tenant retention rate.	11.7%	12.8%
February 2021	18.1%	21.4%
February 2022	17.5%	19.2%
February 2023	15.1%	16.3%
After February 2023	34.5%	30.3%
TOTAL	**100%**	**100%**

OUR BUSINESS MODEL

CAPITAL INPUTS

FINANCIAL CAPITAL
- Equity facilities of R3.047b
- Debt facilities of R2.280b

HUMAN CAPITAL
- Staff count of 77
- Cumulative years of experience of the Group: 467
- Diverse and dynamic team
- Staff wellbeing spend of R2 297 368
- We don't replace, we grow

SOCIAL & RELATIONSHIP CAPITAL
- Our close relationship with MPD as a partnering property developer
- Our diverse tenant profile mix
- CSI: R2 874 257
- Continued investment and interaction with the communities in which our properties are based

INTELLECTUAL CAPITAL
- Our stringent recruitment processes
- The skill set and knowledge of our staff
- The institutional knowledge of our staff
- Our working culture, reputation and brand

MANUFACTURED CAPITAL
- Our existing portfolio of 20 properties with a total GLA of 331 388m^2
- Total number of stores: 1 302
- Total number of parking bays: 13 476
- Non-GLA income potential
- Right to acquire the pipeline of MPD's developments

NATURAL CAPITAL
- Strategic intent to become more self-sufficient in terms of utilities including: PV systems; boreholes; biofiltration sewerage treatment plants and waste management

ACTIVITIES

- Our word is our bond – impeccable relationships form the backbone of everything we do
- Right to acquire the pipeline of MPD's developments differentiates us from our competitors
- Establishing and maintaining excellent tenant relations ensures stable, long-term lease agreements
- Modern, clean and convenient facilities ensure shoppers have a satisfactory experience
- Ongoing community engagement and relationship development ensures community buy-in and support
- Ongoing engagement with investors and financiers secures funding for new investments

OUTPUTS

A PORTFOLIO OF QUALITY RETAIL PROPERTIES IN UNDER-SERVICED AREAS THAT:
1. Generate rental income and capital gains
2. Provide new frontier space for retailers

INTERNAL PROPERTY MANAGEMENT SERVICES THAT:
1. Maximise operational cost efficiencies
2. Generate income from management fees by serving the needs of other property owners who entrust us to maximise their returns

MARKETING SPACE THAT:
1. Generates non-GLA income streams
2. Provides a means for companies to market themselves to our shoppers
3. Increases tenant/shopper interaction

WHAT MAKES US DIFFERENT

- Highly-focussed retail property portfolio
- Properties are all managed internally
- Invest in under-serviced areas of the country
- Our people
- Our relationships
- Our institutional knowledge

INVEST TO OWN FOR THE LONG TERM
We have the option to acquire retail assets developed by MPD that are congruent with our existing portfolio at arm's-length.

INTERNALLY-MANAGED PROPERTIES WITH OPERATIONAL EXPERTISE
All properties owned by Exemplar are internally managed by the same team that has managed them since inception. This ensures unparalleled understanding of our current asset base, allowing us to maximise centre performance and long-term revenue growth within the fund.

REDEVELOP, RENEW, RECYCLE
Building upon MPD's development strategy of always under-scoping developments within the first phase whilst allowing space for the development to grow to its full potential years/decades into the future.

SELL WHEN IT'S RIGHT
We do not invest in properties with the intention to sell. However, recycling of capital is seen as an integral part of our business model and properties that have exhausted growth potential matching that of the fund will be disposed of, allowing for yield-enhancing property acquisitions.

CAPITAL OUTCOMES

FINANCIAL CAPITAL
- Operating profit of R330.6m
- Distribution of R61.84 cents per share
- NAV per share: R10.83
- LTV of 30.9%
- Finance costs: 9.11%

HUMAN CAPITAL
- Low staff turnover rate
- Staff bonus payments of R1 795 845
- Estimated job creation: 41 090 (direct, indirect and induced jobs, as per Demacon Economic Impact Assessment completed in March 2019)

SOCIAL & RELATIONSHIP CAPITAL
- CSI expenditure resulted in 41 campaigns directly benefitting the immediate communities
- 675m^2 of subsidised stores for community initiatives

INTELLECTUAL CAPITAL
- A brand that requires minimal marketing expenses due to our solid reputation within the market
- A unique working environment and an attractive organisational culture

MANUFACTURED CAPITAL
- Acquisition of 20 income-generating properties
- Undertaken to acquire Katale Square and Mabopane Square (on completion) in FY2020
- Total portfolio valuation of R5,406b
- Total weighted average rental of R128.54 per m^2 per month
- 11.7% of leases expiring in 2020
- Average anchor trading density of R3 533 per m^2 per month

NATURAL CAPITAL
- Implemented pilot PV solar power project at Olievenhout Plaza. Plans to roll out across the full portfolio
- Investment in borehole at Kwagga Mall with intention to roll out across the portfolio
- Use of energy efficient/natural lighting across the full portfolio

OUR INVESTMENT CASE AND MARKET POSITIONING

Exemplar offers an enduring investment case as it provides investors with access to a specialised portfolio of retail assets focussed solely on under-serviced township and rural markets of South Africa.

Internally managed by the same team that has managed the assets since their initial development, the level of understanding that Exemplar management has of its assets is, we believe, unmatched in the market. Beyond the existing portfolio of assets itself, the management team has deep institutional knowledge of the markets in which it operates as well as those in which it aims to operate in in the future.

We have always seen property investment as one with a longer-term focus towards real and sustainable value creation. As such, we do not allow our strategic and investment decisions to be based on what needs to be reported in bi-annual results presentations but rather on how our unique platform of assets generate long-term sustainable value.

We believe that the disconnect between the long-term investment profile of property as an asset class and the short term view of many market pundits has driven unsustainable complexity into what is essentially a simple asset class.

AS CAN BE SEEN FROM AN ANALYSIS OF OUR FINANCIALS, OUR BUSINESS MODEL IS A VERY SIMPLE ONE:

GROSS PROPERTY INCOME
[LESS]
PROPERTY OPERATING EXPENSES

LESS

ADMINISTRATIVE OVERHEADS
[LESS]
NET FINANCE COSTS

EQUALS

NET INCOME

The Exemplar business model is therefore an uncomplicated, traditional property model with few non-recurring income items which should diminish volatility in future earnings and distributions.

Exemplar currently has relatively low levels of gearing (30.9% LTV), with significant hedging via a range of collars and caps. Furthermore, Exemplar is focussed locally and, as such, does not offset domestic debt costs against offshore ones.

Whilst no sector is immune to the downturn in the economy and slowing consumer spend that accompanies it, we are fortunate to be focussed solely on markets which have, over time, proven to weather downturns better than most.

The Company follows an incredibly hands-on approach to the management of its assets. We believe that this approach is what allows us to have lower vacancy levels, higher tenant retention rates and a lower risk of negative rental reversions upon lease renewals.

IN ADDITION, THE STRENGTH OF OUR INVESTMENT CASE CAN BE ATTRIBUTED TO:

- a specific strategic focus on our niche market of township and rural retail;
- a deep understanding of the trading patterns within these markets;
- historically conservative development strategies in which assets were never over-bulked or over-capitalised. This allows for sufficient demand for vacant space as and when it becomes available;
- historic focus on sustainable rental levels and tenant retention, rather than maximising rentals for short term benefit. Our weighted average rental through rate is R128,54/m^2;
- rent to turnover ratios remaining within acceptable parameters with less downward pressure on rental levels upon renewal;
- hands-on, incredibly attentive asset management functions that guide both operational and strategic direction;
- high-quality tenant profile with nearly 85% of the portfolio being A-rated tenants;
- proactive interactions with our customer and tenant base ensuring optimal fit between the aspirations and objectives of both;
- rebalanced tenant category ratios before downturns, thus decreasing tenants relying on discretionary spend whilst increasing space allocated to basic groceries and value-oriented offerings; and
- increasing service offerings across the portfolio, including full-service banking and social grant pay-out points.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

JASON MCCORMICK (40)
CHIEF EXECUTIVE OFFICER
QUALIFICATIONS: BCOMM (ECONOMICS & BUSINESS MANAGEMENT), BCOMM (HONS) BUSINESS MANAGEMENT

Educated at Michaelhouse and Stellenbosch University, Jason joined MPD in 2002. He was appointed General Manager of Business Development in 2008 and is currently Managing Director of MPD.

He oversaw the growth of the MPD portfolio from six shopping centres totalling 83 000m^2 in 2011 to 28 centres totalling 523 977m^2 GLA in 2018.

Jason was appointed CEO of the Company in June 2018.

At 33, Jason was elected as the youngest ever director of the South African Council of Shopping Centres (SACSC) and received the SACSC's inaugural "Young Achiever Award" for his contribution to the shopping centre industry in 2016.

Jason is a member of the Social and Ethics Committee of Exemplar.

JOHN MCCORMICK (74)
EXECUTIVE DIRECTOR
QUALIFICATIONS: BCOMM (ECONOMICS), MBA (FINANCE)

Educated at Michaelhouse and the University of the Witwatersrand, John completed his studies with an MBA from Stanford University in 1970. He commenced his career in the USA at real estate company WM Lyon Development, a mass housing developer.

In 1973 he returned to South Africa and joined Kirsh Industries where he began working on mergers and acquisitions with Natie Kirsh.

Thereafter he held various senior positions at Metro Cash and Carry, Southern Sun Hotels and also World Furnishers as CFO and head of development where he was responsible for the expansion of the group chain of furniture stores.

It was during his tenure at World Furnishers that he saw the dire need for full-service retail to previously under-serviced rural areas, setting in motion his departure from the corporate world.

In 1983 he founded MPD in which business he remains instrumental to the present day.

John was appointed Executive Director of Exemplar upon its incorporation.

DUNCAN ALAN CHURCH (46)
CHIEF FINANCIAL OFFICER
QUALIFICATIONS: BCOMPT (HONS), CA(SA)

Duncan completed his articles at PKF (Jhb) Inc. before becoming a partner in 2004, at which time he was also appointed Head of Corporate Finance. In 2013 the Johannesburg offices of PKF and Grant Thornton merged and he was appointed Head of Corporate Advisory of the merged entity.

During his time at PKF and later Grant Thornton he acted as the reporting accountant in the listing of numerous companies, including several property funds. He provided advisory services to various listed property funds as well as many other non-property sector listed and private companies. He was also a member of the firm's executive management committee for over 10 years.

Duncan has a long history with MPD and was a driving force in the listing of Exemplar. He was appointed CFO of Exemplar in June 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

FRANK MICHAEL BERKELEY (62)
CHAIR

QUALIFICATIONS: BCOMM, BACC, CA(SA)

Frank attended the University of the Witwatersrand and qualified as a chartered accountant in 1982.

He has been involved in the property sector for over 30 years.

After spending several years as managing director of Group Five's residential development business during the 1980s and early 1990s, he started his 20-year tenure in the Nedbank Group in 1994. In 1997 he was appointed the managing executive of Nedcor Investment Bank's property finance division.

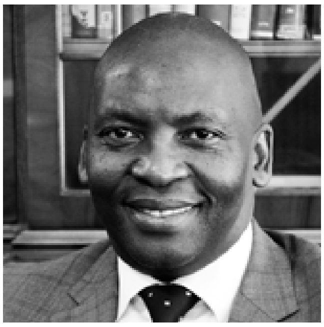
In 2004 he was appointed managing executive of Nedbank Corporate Property Finance, following the merger of Nedbank, NIB, Cape of Good Hope Bank and BoE, a position he held until his retirement in 2014.

Frank has vast experience in both the equity and debt financing of all aspects of the property industry and also served as a director on the boards of Sycom Property Fund for 18 years, and Acucap for 11 years, until their acquisition by Growthpoint.

He was also chair of Hospitality Property Fund and a director and chair of the audit committee of Attfund, one of the largest unlisted property companies in South Africa, prior to its sale to Hyprop.

Frank has particular expertise in strategy development and implementation, successful implementation of mergers, and leadership and management of large complex organisations, particularly relating to property and banking environments. His particular passion for many years has been the professional and personal development of people.

Frank was appointed chair of Exemplar and he is a member of both the Audit and Risk and Remuneration Committees.



ELIAS PHATUDI MAPONYA (PHATUDI) (52)

QUALIFICATIONS: BPROC, LLB, HDIP COMPANY LAW

Phatudi is the founder, and currently a senior partner, in the Corporate and Commercial Department of Maponya Inc. where he practises as an attorney. He has served as the chair of Philane Occupational Health Care and also Nation's Capital, an advisory firm rendering services to the private and public sectors. The company has advised the government on the privatisation of Roshcon, an Eskom subsidiary, as well as Aventura Holiday Resorts.

Phatudi has fulfilled a number of other roles including having been a member of the Vista University audit committee; the chair of The Police Support Mechanism Trust; a part-time member of the Competition Tribunal; chair of Noah Innovation - a stock broking firm registered with the JSE - and executive chair of North West Transport Investments Proprietary Limited.

Phatudi was appointed to the board of Exemplar upon incorporation of the Company. He is a member of the Audit and Risk Committee and chairs the Social and Ethics Committee.

GREGORY VICTOR CHARLES AZZOPARDI (58)
QUALIFICATIONS: BA, LLB, BBA

Greg was admitted as an attorney of the High Court of South Africa in 1988 after having served articles at the firm Shepstone & Wylie of Durban where he subsequently practised.

He also practised as an attorney with Deneys Reitz of Durban whereafter he joined Prefcor Limited, later McCarthy Retail Limited. At Prefcor/McCarthy he initially looked after legal and company secretarial matters, whereupon he was appointed to lead the Group Real Estate team. Thereafter he was appointed as a general manager for retail store operations.

After a year with a property company he was appointed as Group Property Director for the Mr Price Group Limited, which position he held for a month short of nineteen years, leading the Group Real Estate team and driving significant retail space growth. He now consults to the Rokwil group of companies whose sphere of operations includes commercial property development, bulk earthworks and civil contracting.

Greg has served in various office-bearing positions for the South African Council of Shopping Centres (SACSC), culminating in two consecutive terms as National President.

Greg was appointed to the board of Exemplar upon incorporation of the Company. He is a member of the Social and Ethics Committee and chairs the Remuneration Committee.

PETER JOEL KATZENELLENBOGEN (73)
LEAD INDEPENDENT DIRECTOR
QUALIFICATIONS: BCOMM (ACC), CA(SA)

Peter completed his articles at audit firm Fisher Hoffman Levenberg, where he became a partner in 1974. He spent a total of 39 years at the firm. After several name changes of the firm, Peter left PKF (Jhb) Inc. in 2006 where he had been appointed managing partner in 2000.

He was also the national chair of PKF in South Africa and represented the Africa region on the PKF International board.

During his tenure at PKF he was involved in the audits of numerous listed companies, was the reporting accountant to several listings on the JSE and in his capacity as audit partner on listed companies attended audit committee and board meetings.

In late 2006 he joined Transaction Capital (Pty) Ltd as financial director and became company secretary when the company listed in 2012. In 2014 he stood down from this position and is currently the financial director of an unlisted company and consults to Transaction Capital Ltd.

Peter was appointed to the board of Exemplar upon incorporation of the Company. He is a member of the Remuneration Committee and chairs the Audit and Risk Committee.

EXECUTIVE MANAGEMENT TEAM

SONIA VORSTER
GROUP FINANCIAL MANAGER
QUALIFICATION: BCOMM (FINANCIAL MANAGEMENT)

Sonia's relationship with MPD began in 1998 when she was appointed Financial Controller. In the 21 years since she has served as a member of executive management and has played a fundamental role in the day-to-day operations of the company.

She was instrumental in converting previously manual systems into fully integrated electronic accounting, payroll and internet banking systems and developed management accounts and new development cost reports into effective business management tools.

Additional roles and responsibilities included securing funds for new developments, selling of assets, the management of capital costs and managing shareholder relationships.

Since starting at the company, 31 new shopping centres have been developed and her team has expanded from two to 13 staff members.

Sonia was appointed as Group Financial Manager in June 2018. She is a standing invitee of the Remuneration Committee and the Audit and Risk Committee.

MATTHEW MCCORMICK
HEAD OF HUMAN RESOURCES AND MARKETING
QUALIFICATION: BA PPE

Schooled at Michaelhouse, Matthew went on to complete his tertiary education at Stellenbosch University before joining the MPD operations team in 2005.

Initially an assistant to the Operations Manager, Matthew then became involved in the project development team - a role in which he is still instrumental.

In 2008 Matthew was a founding member of McCormick Media and still serves as a director of that company.

When the need for a dedicated Marketing Manager became apparent, Matthew took up the challenge and he continues to excel in this area with a keen sense of the market at grassroots level. He was appointed as Head of Marketing of the Group in June 2018.

In January 2019, his passion for conflict resolution and excellent people skills resulted in his additional appointment as Head of Human Resources.

Matthew is a standing invitee of the Social and Ethics Committee of Exemplar.

CONRAD WALTERS
HEAD OF GROUP OPERATIONS
QUALIFICATION: BCOMM (MANAGEMENT ACCOUNTING)

After matriculating in 1996, Conrad completed a Post Matric at Michael-house and then went on to graduate from Stellenbosch University in 2001.

Conrad was a founding member of McCormick Media in 2008, a company in which he now holds the position of Managing Director.

He joined MPD in 2009 as an Operations Manager and was appointed as Head of Group Operations for Exemplar in June 2018.

Conrad is a standing invitee of the Social and Ethics Committee of Exemplar.

SANDRA EVANS
HEAD OF LEASING

Sandra joined MPD in 2007 as a rent roll administrator and was integral in introducing the MDA system. In 2010 she joined the project development team as PA to Jason McCormick.

By 2011, Sandra began handling internal leasing as a leasing administrator, a portfolio that grew to encompass vacancy leasing by 2012 and by 2014 her position included leasing of new developments as well.

Her role in the company was further cemented in 2017 when she was appointed as Head of Leasing at MPD, overseeing a team of eight staff members.

She was then appointed as Head of Leasing for the Group in June 2018.

ANANDA BOOYSEN
COMPANY SECRETARY AND LEGAL COUNSEL
QUALIFICATIONS: BA (HONS) LLB

Ananda is a graduate of the University of Pretoria and is an admitted attorney.

With a decade of legal experience to her name, Ananda is a dedicated legal professional. She has practised as an attorney and has also lectured law students.

Previous work experience at Cushman & Wakefield Excellerate led to her passion for property.

She joined MPD in January 2018 as a legal advisor and was appointed as Company Secretary and Legal Counsel of Exemplar in June 2018.

Ananda is currently finalising her LLM degree in Commercial Law.

STAKEHOLDER INTERACTION

Exemplar was established with family values as its backbone and it is this moral fibre that continues to define all of our stakeholder relationships.

Responsible corporate governance, corporate social responsibility and socio-economic development are fundamental pillars of Exemplar and are key in all strategies and planning implemented.

From employees to investors, community members to shareholders and tenants to suppliers, each relationship is treated with respect, integrity and honesty.

SHAREHOLDERS AND INSTITUTIONAL INVESTORS	We are committed to providing shareholders and investors with timely access to relevant information via the following communication channels: • SENS announcements • www.exemplarREIT.co.za • Results announcements • IAR • AGM • Press releases • Investor roadshows • Print media • @ExemplarREITail (Facebook) • @EReitail (Twitter)
TENANTS	Tenant retention is viewed as importantly as the sourcing of new tenants in order to ensure optimum trading levels and customer satisfaction.
EMPLOYEES	We endeavour to keep the ethos of the Group strong through solid communication with our employees.
MEDIA AND ANALYSTS	We communicate with the market and analysts via regular roadshows and post-results presentations and respond to queries received, as and when applicable.
SUPPLIERS AND PROCUREMENT	We commit to maintaining high standards in our work environment through the maintenance of solid relationships with our suppliers. We strive to make our procurement process as broad-based as possible without jeopardising sustainability.
COMMUNITY	Communication channels are kept open at an asset level, with relations with the relevant community structures of paramount importance. Municipal and government relations, with duly elected officials, is an important KPI.

We strive to be transparent, sincere and accurate in all communications with our stakeholders. Stakeholder trust and confidence is paramount and, as such, we are committed to candid and open communication channels at all levels.

CHAPTER 2

BUSINESS REVIEW

Alex Mall | Gauteng

CHIEF EXECUTIVE OFFICER'S REPORT

To have listed a property company, and more specifically a retail-focussed REIT, amid the market and sectoral turmoil that defined 2018 had many asking questions. In light of this, I use this opportunity to provide some context.

BACKGROUND TO LISTING

To have listed a property company, and more specifically a retail-focussed REIT, amid the market and sectoral turmoil that defined 2018 had many asking questions. In light of this, I use this opportunity to provide some context.

Exemplar listed in June 2018 but the roots of the Company were established over three and a half decades before.

In 1983, John McCormick (an executive director of Exemplar), had a vision to create a meaningful difference in the lives of the disenfranchised rural communities of South Africa. To date we have consistently delivered retail developments that have lived up to that vision.

His legacy of developing and managing shopping centres provides Exemplar with a backdrop unparalleled in the current market.

Fast-forward 36 years from that inspired founding vision and MPD stood at a crossroad. With a proud history of collaboration that truly empowered the communities around its developments, it was receiving more requests for new developments than it could afford to fund within its existing private structure.

MPD had secured a pipeline of development projects whose scale and value well-exceeded the value of the portfolio of operational assets that Exemplar listed in June 2018. In short, there was simply no manner to fund the roll out of the development pipeline, at the speed that the company would need to.

As such, to enable it to better take advantage of these opportunities, MPD took the decision to list the best retail assets within its portfolio.

Our initial rationale for contemplating the listing was to create a potential offtake partner for the development company (MPD). This would allow MPD to recycle development capital as needed into further developments, whilst allowing a steady stream of high-quality assets into the listed entity, creating synergistic, organic growth between the two.

We felt it essential to ensure that the market did not see Exemplar's creation as a "dumping ground" for all MPD's completed assets. As such, Exemplar holds only a right of first refusal to acquire MPD's assets on an arm's-length transaction basis. There are no forced sales of MPD's developments into Exemplar.

To add credence to the above: MPD did not list its entire portfolio into Exemplar, only its best-performing assets. The remaining assets will only be offered to Exemplar at a time that their performance is deemed to be in line with that of the rest of the Exemplar portfolio.

The second reason for Exemplar's listing provides a far more compelling argument - one that could provide Exemplar with a growth potential that could far outstrip the organic growth offered by its access to MPD's pipeline of developments.

MPD has, for almost four decades, been completely focussed solely on the development and management of rural and township real estate. As a result, there exists deep institutional knowledge and a fundamental understanding of the myriad of idiosyncrasies within the various communities in which our retail assets are (or were) located.

With the internalisation of MPD's management functions into Exemplar, that historic institutional knowledge allows, for the first time in our history, the opportunity to actively pursue acquisitions of assets outside of the development pipeline offered by MPD.

Assets owned and managed by third parties not as attuned to the niceties of managing assets within these unique markets provide a compelling opportunity for Exemplar. By leveraging its internal management ability, we see huge potential for value uplift as such third-party assets are brought into the Group.

Acquisitions will play a dual role for Exemplar into the future – accelerating value growth for our shareholders, whilst also giving us the opportunity to broaden our shareholder base and increase liquidity of the stock.

Furthermore, Exemplar was not listed with the aim of raising any equity capital as, quite simply, we did not need to. As a consequence of decades of prudent fiscal and asset management our LTV ratios sat at a very comfortable 34.8% upon listing and 30.9% currently.

For the bulk of the financial commentary, please see the CFO's report on page 32.

OUR PERFORMANCE

As this is our maiden IAR, there exists no comparable period to which to judge these results, other than the forecast contained within our Prospectus.

IN SUMMARY:

Distributable EPS:
61.84 cents

Annualised dividend yield on listing price of R10/share:
8.25%

NAV per share:
R10.83

The fact that the retail environment of the past year has been challenging is well known, yet despite this, our retail metrics reflect the following:

Vacancies: 3.1%
Arrears: 2.48%
WALE: Refer to lease expiry profile graph on page 15

I believe that the improvement of many of the above trading metrics, against the backdrop of the current economic environment, is testament to the strength of both the people and the property portfolio within Exemplar.

CAPITAL ALLOCATION

In terms of capital allocation in the 2019 financial year, Exemplar completed the acquisition of the expansion of both Modi Mall in Modimolle, Limpopo and its pro-rata share of the expansion of Kwagga Plaza (now Kwagga Mall) in Kwaggafontein, Mpumalanga, per the advice contained within the Prospectus issued on 30 May 2018.

Two further assets noted within the Prospectus, Katale Square (Marapyane, Mpumalanga) and Mabopane Square (Mabopane, Gauteng) will, subject to their completion on the terms contained within the Prospectus, be brought into Exemplar.

Completion of these assets is expected on 27 June and 31 October 2019 respectively.

Despite a solid set of results for the year, the board and management are under no illusion of the challenges faced within the economy. As such, the strategy taking us forward is of critical importance as we seek to continue to add value and grow distributable income for our shareholders.

APPRECIATION

I would like to thank the board for their deep dedication in dealing with the workload involved in Exemplar's first year as a publicly listed entity. It has been a great privilege for me to work with people holding the level of experience that the board has. Their valuable contributions over the past year have added great weight towards us meeting our targets and their oversight function, essential in keeping management on its toes at all times.

Special mention must also be made of our CFO Duncan Church, Group Financial Manager, Sonia Vorster and Company Secretary and Legal Counsel, Ananda Booysen. Their work output during the year has been phenomenal and without their efforts in particular, we could never have made the jump from the private into the public space as seamlessly as we did. In addition, Duncan and Ananda have brought new and essential skill sets that have completely redefined not only how we do business, but how we look at doing our business.

On a personal note, I would like to thank my wife Nicole for her love and unwavering support throughout this time.

Thanks must also go out to historical and current funders, as well as our shareholders for their continued support over the decades and into the current year. We look forward to building Exemplar into an increasingly robust and reliable entity with you into the future.

We remain incredibly optimistic about Exemplar's future and the role that we can play in the future of our nation. Utilising our unique position within our markets, we believe that we have the ability to generate real, credible and sustainable change.

We look forward to a future that leverages and expands this incredible platform into one that continues to redefine how private enterprise can achieve both commercial and altruistic aims in unison - proving that such aims are not mutually exclusive, but rather synergistically interdependent.

JASON MCCORMICK
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

With our first financial year behind us I am afforded the opportunity of presenting our results, which, despite undeniably difficult trading conditions, have culminated in Exemplar meeting and slightly exceeding its profit forecast as conveyed in the Company's Prospectus issued during May 2018.

In May 2019 the board declared a final dividend of 42.74 cents per share for the six months ended 28 February 2019 which together with the maiden interim dividend of 19.10 cents per share for the three months ended 31 August 2018 amounts to 61.84 cents per share for the period. A dividend of 61.37 cents per share was forecast. Highlights of our first period of trading include:

AVERAGE BASIC RENTAL THROUGH RATE
R128.54 per m^2

NTAV PER SHARE INCREASED BY: 8.7%

from acquisition date of 1 June 2018 to financial year end date

Property operating expenses achieved of
34.8% VERSUS FORECAST OF 35.4%

TOTAL ANNUALISED RETURN OF
14.2%
FOR THE 9 MONTHS ENDED 28 FEBRUARY 2019 BASED ON INCREASE IN NET TANGIBLE ASSET VALUE (NTAV) AND DIVIDEND PER SHARE

LOAN TO VALUE RATIO OF 30.9%
BASED ON FINANCIAL LIABILITIES NET OF CASH OVER INVESTMENT PROPERTY

TOTAL DIVIDEND
FOR THE 9 MONTHS ENDED 28 FEBRUARY 2019 OF
61.84 cents per share
which is ahead of the Prospectus forecast of 61.37 cents per share

VACANCIES STEADY AT
3.1%
AGAINST 3.1% AT LISTING DATE

FINANCIAL PERFORMANCE

Exemplar's property portfolio was acquired on 1 June 2018. Our summarised consolidated statement of profit or loss and other comprehensive income, actual versus forecast, is summarised below:

R'000	Audited for the 9 months ended 28 Feb 2019	Forecast for the 9 months ended 28 Feb 2019
Property portfolio	517 431	547 858
Rental income and recoveries	504 240	510 088
Straight-line lease income adjustments	13 191	37 770
Property operating expenses	(175 410)	(180 669)
Net rental and related income	342 021	367 189
Other income	9 282	8 309
Administrative expenses and corporate costs	(20 744)	(23 041)
Profit from operations	330 559	352 457
Interest income	5 768	11 764
Finance costs	(124 189)	(128 263)
Profit before fair value adjustments	212 138	235 958
Fair value adjustment to investment properties	161 697	(37 770)
Fair value adjustment to derivative financial instruments	(3 643)	-
Profit before taxation	370 192	198 188
Taxation	1 100	-
Total profit for the period	371 292	198 188
Total profit attributable to:	-	
Equity holders of Exemplar	335 937	191 585
Non-controlling interests	35 355	6 603
Total profit for the period	**371 292**	**198 188**

Reconciliation between earnings and headline earnings		
Profit for the year attributable to equity holders of Exemplar	335 937	191 585
Fair value adjustment to investment properties	(161 697)	37 770
Non-controlling interest in fair value adjustment to investment properties	27 338	-
Headline earnings	201 578	229 355
Straight-line lease income adjustments	(13 191)	(37 770)
Non-controlling interest in straight-line lease income adjustments	1 509	-
Fair value adjustment to derivative financial instruments	3 643	-
Deferred tax movement	(1 100)	-
Antecedent adjustment	2 650	4 641
Distributable income	**195 089**	**196 226**

Dividend per share for the 9 months (cents)	**61.84**	**61.37**

Prior to 1 June 2018 Exemplar was not trading and hence the IAR reflects its trading results for the nine months ended 28 February 2019. As this is the first period of trading, no comparative information has been presented although we have included the forecast per the Company's Prospectus issued on 30 May 2018 for comparison purposes.

The marginal outperformance of the forecast belies the undeniably difficult trading conditions for retailers and in turn landlords, which often translates into lower escalations on renewal, or in some instances rental reductions to assist distressed tenants. Rental and recovery income of R504.2 million is R5.9 million less than that forecast of R510.1 million. Of this difference R3.0 million relates directly to lower than forecast rental income and the balance of R2.9 million is a consequence of lower than forecast recovery income. The lower than forecast rental and recovery income has been offset in the main by lower than forecast property operating expenses which at R175.4 million are R5.3 million less than those forecast. Expense to property income ratio on a gross basis was 34.8% versus forecast of 35.4%. The achievement of these results at this time is a reflection of the quality of the property portfolio as well as a testament to our dedicated and highly competent in-house property management team.

Many tenants continue to trade well, both relative to the market and in absolute terms. Trading densities of the national grocer tenants averaged R3 533 per m^2 per month across the portfolio during the period under review. The average rental through rate of the portfolio at the reporting date on a one year forward basis is R128.54 per m^2 compared to R125.96 per m^2 at listing. Although we have seen some growth in this metric over the last nine months, the portfolio is by no means over-rented which affords us as well as our tenants some downside protection.

Other income consists of property management and leasing fees earned on properties or portions of properties under management but not owned.

Net finance costs were R118.4 million, marginally exceeding those forecast of R116.5 million. Basic finance costs were actually less than those forecast with the weighted average cost of debt being 3-month JIBAR plus 1.86% equating to a nominal annual rate of 9.018% at the time of this report. The actual rate achieved however was 9.11%, mainly as a result of hedging costs incurred. Management is of the view that the certainty gained in these volatile times through hedging interest rate risk is well worth the incremental cost. The Company has entered into a sequence of collar and cap transactions to hedge its interest rate exposure. The effect of the hedging arrangements is that the Company has no interest rate exposure on R1.7 billion of its nominal debt should 3-month JIBAR fluctuate between 7.25% and 8.00% and no exposure on R1.1 billion of its nominal debt should 3-month JIBAR fluctuate between 8.00% and 8.75%. The Company has foregone any upside should 3-month JIBAR trade below 7.00%. The arrangements terminate on 4 October 2021.

VACANCIES AND ARREARS

Vacancies at the reporting date were 3.1% which is consistent with the level at listing. The vacancy rate would have improved marginally had it not been for the pressures exerted on Acornhoek Megacity due to the opening of a competing centre. Acornhoek Megacity continues to trade albeit at reduced levels and the fair value of Exemplar's interest in this centre has been written down by R27.2 million to R163.6 million.

Arrears across the portfolio, net of deposits, have been provided in full and amount to 2.48% of annualised property income.

FINANCIAL POSITION

R'000	Audited as at 28 Feb 2019
Non-Current Assets	**5,439,942**
Investment Property	5 270 795
Operating Lease Asset	168 351
Property, Plant and Equipment	796
Current Assets	**154 964**
Loans Receivable	44 400
Trade and Other Receivables	47 711
Cash and Cash Equivalents	62 853
TOTAL ASSETS	**5 594 906**
EQUITY	
Total Equity	**3 609 122**
Shareholders' Interest	**3 463 002**
Stated Capital	3 185 487
Retained Earnings	277 515
Non-Controlling Interest	146 120
Non-Current Liabilities	**1 824 079**
Financial Liabilities	1 695 459
Derivative Financial Instruments	3 643
Finance Lease Liabilities	30 174
Deferred Taxation	94 803
Current Liabilities	**161 705**
Trade and Other Payables	159 136
Finance Lease Liabilities	2 569
TOTAL EQUITY AND LIABILITIES	**5 594 906**
Shares in Issue	305 871 896
Shares to be Issued	13 867 240
Effective Shares in Issue	319 739 136
Net Asset Value per Share (Rand)	10.83
Net Tangible Asset Value per Share (Rand)	10.83
Net Asset Value per Share (excluding deferred tax) (Rand)	11.13
Net Tangible Asset Value per Share (excluding deferred tax) (Rand)	11.13

The Exemplar property portfolio comprises 20 income-generating properties. At the reporting date the property portfolio is fairly valued at R5.406 billion against R5.036 billion at listing, an increase of R370 million or 7.35%. The entire portfolio was valued by independent valuer, Quadrant Properties (Pty) Limited, both at acquisition and at the reporting date using discounted cash flow methodology. Discount rates applied ranged between 13.50% and 15.25%. These discount rates are virtually unchanged from those applied by the valuer at the date of acquisition of the portfolio.

The NAV and NTAV per share have increased from R9.96 at date of acquisition to R10.83 at the reporting date, an increase of 8.7% in nine months.

THE NAV AND NTAV PER SHARE HAVE INCREASED FROM **R9.96**

AT DATE OF ACQUISITION TO

R10.83

AT THE REPORTING DATE, AN INCREASE OF

8.7% in 9 months

MODI MALL AND KWAGGA MALL REDEVELOPMENTS

During the period the Modi Mall and Kwagga Mall redevelopments were completed and transferred to the Company on 1 November 2018 and 1 December 2018 respectively thereby adding 17 176 m^2 to the GLA of the portfolio. In terms of the exchange agreements in this regard, the consideration shares, being 13 867 240 shares in Exemplar, rank for distribution from the date that the redevelopments were delivered to Exemplar, which was also the date that Exemplar was entitled to the income from the redevelopments. The consideration shares themselves were however only issued in March 2019 when all conditions of the exchange agreements were fulfilled and consequently these shares reflect as “shares to be issued” in the consolidated statement of changes in equity in this IAR.

NEW DEVELOPMENTS

As detailed in the Prospectus Exemplar agreed to acquire three new developments, being Katale Square, Mabopane Square and Riba Cross Mall, from their respective vendors, subject to them being developed to the agreed specification and within certain agreed time frames. The construction of Katale Square and Mabopane Square is progressing well and they are scheduled for opening on 27 June 2019 and 31 October 2019 respectively. Construction of Riba Cross Mall has not yet commenced as to date it has not been sufficiently let. The delay of Riba Cross Mall is not expected to have a significant effect on the forecast for the year ending 29 February 2020 at a per share level, both earnings and net asset value.

Exemplar remains poised for growth due to its strategic relationship with MPD, which has a development pipeline of several hundred thousand square meters of GLA.

BORROWINGS

Total facilities available to the Company at the reporting date amounted to R2.280 billion of which R1.7 billion had been utilised. R380 million of the total facilities is earmarked for the cash components of the acquisitions of Katale Square, Mabopane Square and Riba Cross Mall. R200 million of the total facilities is structured as a revolving credit facility against which surplus funds are deposited such that as at the reporting date the revolving credit facility was unutilised. Management is exploring the roll-out of solar PV electricity generation across the portfolio which could be funded from this currently unutilised facility. The loan terms are three, four and five years expiring in 2021, 2022 and 2023. The loan to value ratio, measured as financial liabilities net of cash over investment property, was 30,9% at the reporting date.

PROSPECTS

Exemplar remains poised for growth due to its strategic relationship with MPD, which has a development pipeline of several hundred thousand square meters of GLA, the particular sector of the property industry in which it operates as well as its human capital allowing it to take advantage of acquisition opportunities.

MPD developments recently announced and likely to be acquired by Exemplar in the near future include Capital Mall, the Mall of Tembisa as well as the developments being undertaken in Mamelodi and Dobsonville jointly with Putprop Limited. In addition to these "in-house" green fields developments, Exemplar is and will continue to seek other acquisitions where the opportunity exists to enhance the value of these assets through our experienced and dedicated property management team.

We believe that these growth opportunities as well as the existing base which is a combination of a strong balance sheet and vibrant, young yet experienced management team set Exemplar apart from its peers and make for a very exciting time ahead.

Thanks to everyone but especially all in the finance team for your exemplary work over the last year or so, especially Sonia Vorster our Group Financial Manager for all those long hours.

DUNCAN ALAN CHURCH
Chief Financial Officer

EXTERNAL OPERATING ENVIRONMENT AND RESPONSES

OPERATING ENVIRONMENT:	OUR RESPONSE:
1 Low economic growth.	1 Strict adherence to operating cost management objectives.
2 Increased cost of capital.	2 Acquisitions focussed on assets where opening yield exceeds our cost of capital.
3 Limited availability of congruent assets for acquisition.	3 Right to acquire MPD's development pipeline of new developments allows for organic growth in the absence of third-party acquisition stock being available.
4 Increasing municipal utility costs and deteriorating supply.	4 Move to roll out rooftop PV systems, energy-efficient lighting, boreholes and own sewerage plants where able and financially viable across whole portfolio.
5 Increasing community activism and riot threats to assets (in election year).	5 Disaster management plans with full lock-down protocol in place. Good local relationships with local South African Police Services and Public Order Policing.
6 Oversupply of retail malls in developed urban markets of SA pushing retail developers into our niche market.	6 Ensure constant monitoring of competitive threats and ensure expansion of malls to suit the market is done timeously to ward off threats.
7 Retailers under pressure due to stagnant economy and lower consumer confidence.	7 Constant monitoring of tenant mix profiles to ensure correct retailer profile in all our malls, as well as increasing service, leisure and entertainment offerings plus working with local taxi associations to drive increasing feet towards our assets.
8 Retailers constantly looking for lower rentals on renewal, irrespective of rent/turnover ratios.	8 Constant monitoring of rent to turnover ratios to counter spurious, opportunistic retailer efforts to reduce rentals despite adequate turnover / occupation cost ratios.
9 Retailers delaying renewals remaining on month-to-month agreements beyond lease expiry dates.	9 Updating leases to include automatic escalation at lease expiry date.

INVESTMENT AND GROWTH STRATEGY

Access to capital priced below initial income yields is essential to Exemplar's growth prospects. In this light, we are currently investigating a number of yield-accretive third-party acquisitions that may allow us to grow our asset base within the restrained capital environment that we currently find ourselves in. Whilst all are in their early stages of investigation, we look forward to engaging with the capital markets at the appropriate time and reporting on the successful implementation of this strategy in the years to come.

As it stands, Exemplar may acquire MPD's share in a number of trophy assets - the Mall of Tembisa (43 000m^2), currently under construction, Capital Mall (60 000m^2 currently leasing) and a further 400 000m^2 GLA of township and rural retail currently under development and planning.

With a self-imposed debt ceiling of 40% LTV, Exemplar will be approaching the market when appropriate to raise the equity capital required to add further high-quality property acquisitions to the portfolio.

It is through this strongly acquisitive growth strategy that Exemplar aims to increase its liquidity, rather than existing shareholders selling down their shareholding.

SUSTAINABILITY AND SELF-SUFFICIENCY

We have, for some time now, become progressively concerned about the increasing cost of government-supplied utilities and rates and taxes on the occupational cost and the burden that it places on our tenant base.

We have also grown increasingly concerned about the security of supply of such utilities, with electricity and water shortages having become a more regular occurrence not only across our portfolio, but the country as a whole.

As such, we have taken a decision to become as self-sufficient as possible in the provision of utilities across our portfolio. Not only will this afford our tenants the security of supply of these utilities, but just as importantly, we could guarantee our tenants a fixed cost escalation of such utilities during their lease term. This will allow tenants to better plan their business models, weather downturns more effectively and ultimately will allow rental to reclaim a larger proportion of tenants' total cost of occupation.

Our pilot PV project (933KWp) at Olievenhout Plaza has provided us with sufficient positive production data to support the investment case for the roll out of rooftop PV across the portfolio. We are currently working on this roll out and look forward to reporting on the implementation of this in future periods.

Our ultimate vision is to make each of our assets as self-sufficient as is legally possible, lightening the cost burden of such utilities on our tenants, whilst at the same time increasing security of supply.

B-BBEE AND TRANSFORMATION

Exemplar is fully committed to and guided by the prescripts of the Property Sector Charter gazetted in 2017.

Whilst MPD has, since the mid 1980s, pioneered inclusive transformation in all its dealings at a local asset level, it has, in hindsight, been unfortunate that many of the B-BBEE entities with whom MPD partnered (and funded 100%) sold out to large corporates prior to our listing on the JSE in 2018.

Furthermore, the local B-BBEE community trusts that MPD established to partner with in particular assets were precluded from swapping their shareholding up into Exemplar upon listing. Written consent is required from the Minister of Rural Development and Land Reform to effect such a transaction.

Due to the limited timeframes available prior to the listing, attaining this written consent was deemed unachievable but remains one of the major focal points of the executive in the year ahead.

Beyond the pure equity aspect, Exemplar is undertaking numerous initiatives that we believe to be an essential part of the role that we are duty-bound to play within the markets within which we operate. That such initiatives will also play a role in improving our B-BBEE rating is consequential and not the driving force behind the initiatives.

In this light, to tackle the challenge of youth unemployment, Exemplar has undertaken to establish an internship programme in partnership with Y.E.S (Youth Employment Scheme) as well as to facilitate enterprise development in partnership with the Orenda Group.

EDCON

Since December 2018, much of the focus of the South African retail industry has been on Edcon and the restructuring programme aimed at ensuring its survival.

We are proud to state that from the very first interaction with Edcon on the matter, our stance has been unwavering and unaltered. Whilst always willing to play our part in assisting where we could, we felt a material level of discomfort with Edcon's offer of equity in the Company in lieu of rental income forgone by the landlords.

To us, the conflict of interest was only too evident. As owners and managers of retail real estate, we felt that we have no business investing our shareholders' funds into the business of retailers that occupy the rentable space within our portfolio. Furthermore, to assist one retailer and not others went against our beliefs in free-market principles and thus lead us to decline Edcon's blanket-proposal from the outset.

We did however agree to work with Edcon on a store-by-store basis to assist them. By reducing their space where we could and taking back weak-trading stores that could be re-let to tenants better-suited to those particular markets, we always believed that we would find a solution in the best interest of both parties.

In keeping with our underlying commitment to reducing unemployment within the areas of our operations, we are proud to have been the first and only (to our knowledge) landlord to commit to placing as many of Edcon's staff at their stores being closed with the tenants set to replace them.

We believe that throughout the process we have remained true to the values of the Group and that we have at all times operated in the best interests of our stakeholders. We furthermore believe that the solution crafted with Edcon is a true win-win for both them and Exemplar.

RETAILING INTO THE FUTURE

Global retail has been changing at unprecedented rates, with questions often asked about the future relevance of retail real estate in the face of online retail's progressively increasing market share.

We are fortunate that we operate in a niche retail segment with minimal penetration from online retail. Current trends indicate that the bulk of online purchasing is done by consumers with income brackets higher than those of the communities that support our assets and as such that the impact of online retail on our tenants is likely to be minimal on our portfolio within the foreseeable future.

Whilst our own particular markets may lag the developed world and other more developed sectors of the South African retail landscape, we are under no illusion that change will eventually come our way too. The lag does however give us more time to analyse global and national trends and better prepare ourselves for what the future may hold.

We do see the future of retail as "omni-channel", in which brick and mortar retail supports online retail and vice versa. We are preparing for that future. With three of our malls already having access to free WiFi, we hope to roll this out across the entire portfolio in the short to medium term. Beyond the additional service that WiFi provides to our customers, it is the data mining and analytical aspects that excite us most as we strive to know our shoppers better and tailor make solutions to better serve them into the future.

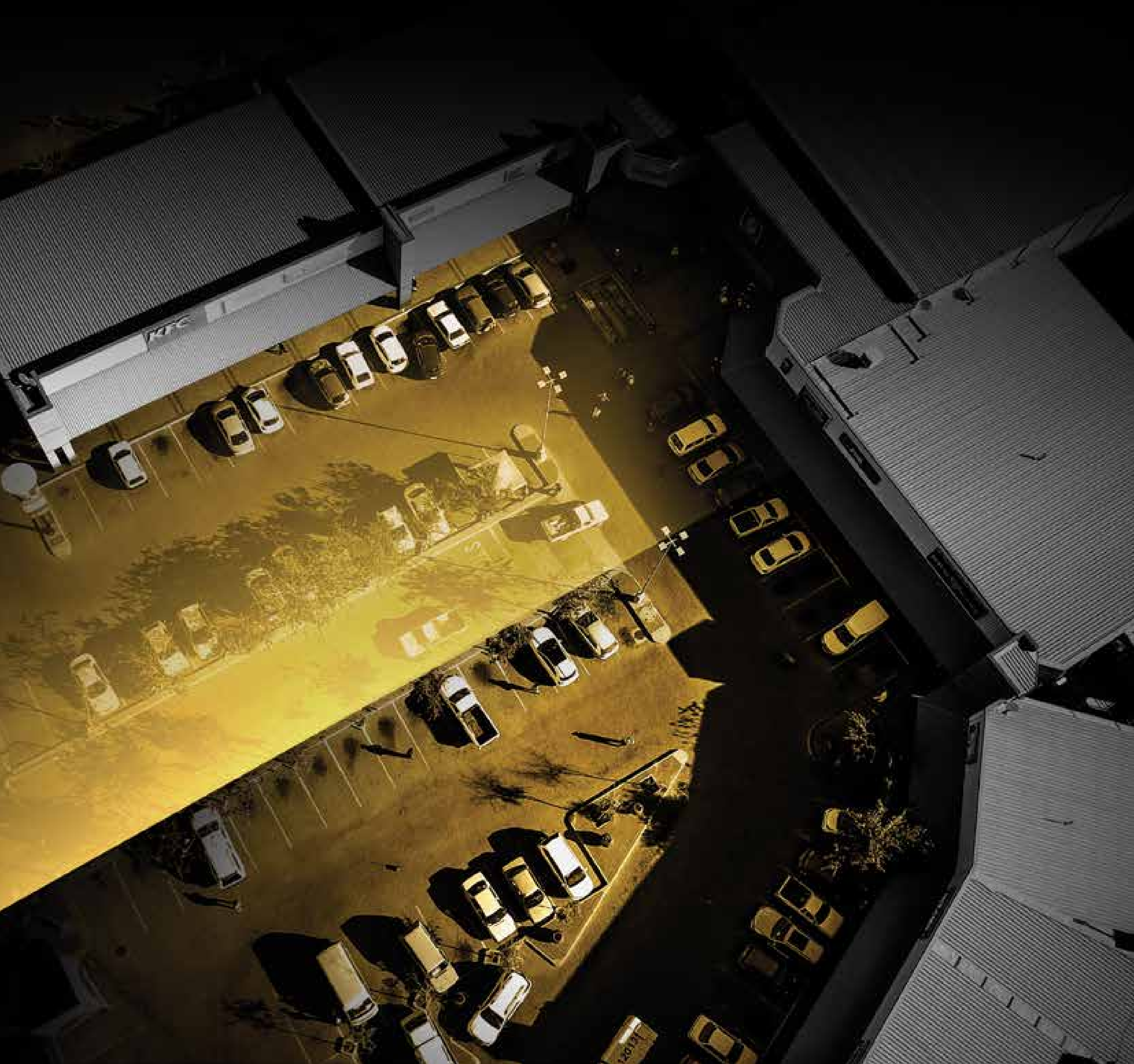
We will continue to adapt our assets to ensure that they become more than just the primary retail space within their target markets. They should become the community-centric, social hearts of their communities thus ensuring the malls of today remain relevant in the omni-channel future of tomorrow.

Beyond pure retail, first and foremost they should serve. We see a future where our malls become social service centres, centres of learning and empowerment and platforms from which to launch inclusive growth throughout their areas of influence.

Atteridge Stadium Centre | Gauteng

CHAPTER 3

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE REVIEW

THE CUSTODIANS OF GOVERNANCE: THE BOARD OF DIRECTORS

The board of directors, as the ultimate governing authority, is committed to leading Exemplar ethically, effectively and in the best interests of its stakeholders. The board is further committed to achieving the highest standards of corporate governance, in accordance with King IV, as it believes that this is key to creating sustainable value for all stakeholders in the short, medium and long term. The board assumes responsibility for being the focal point and custodian of governance in Exemplar.

The board consists of three executive directors and four non-executive directors, all of whom are independent. The categorisation of the independent directors as independent is done by applying the King IV independence indicators and recommended practices. In line with best practice, the chair of the board does not chair the Remuneration Committee. The three executive directors include the CEO and CFO. The non-executive directors contribute a wide range of skills, knowledge, qualifications and experience, which enables them to contribute meaningfully. The board's diversity allows for enhanced decision making and the effective discharge of its governance responsibilities. The board formally meets four times per year and, if required, more often. The board is supported by three committees.

Refer to pages 20 - 23 of the IAR for a brief curriculum vitae of each director. The board recognises that diversity of skills, experience, gender, race, background, knowledge, thought and culture strengthens the board's ability to effectively carry out its duties and add value to the Company. The board has adopted a formal policy on gender and race diversity at board level. The board promotes transformation at board level and will, in any new board appointments, consider both gender and race diversity in determining the optimum composition of the board and, if possible, will be balanced appropriately. The board is satisfied that its current composition reflects the appropriate mix of knowledge, skills and experience required to meet the objectives of the Company.

THE DIRECTORS AND THEIR ATTENDANCE AT BOARD MEETINGS FOR THE PERIOD UNDER REVIEW IS AS FOLLOWS:

BOARD MEMBERS	MEETINGS ATTENDED	
Jason McCormick (CEO)	5/5	100%
Duncan A Church (CFO)	5/5	100%
John McCormick (Executive Director)	5/5	100%
Frank M Berkeley (Chair)	5/5	100%
Peter J Katzenellenbogen (Lead Independent Director)	5/5	100%
Gregory VC Azzopardi (Independent Non-Executive Director)	5/5	100%
Elias P Maponya (Independent Non-Executive Director)	4/5	80%

The board of directors, as the ultimate governing authority, is committed to leading Exemplar ethically, effectively, and in the best interests of its stakeholders.

APPOINTMENT AND ROTATION OF DIRECTORS

Appointments to the board are made in a formal and transparent manner and as described in the board charter. Any director appointed by the board during the year shall have their appointment confirmed by shareholders at the general meeting following their appointment. As per the Company's memorandum of incorporation, one-third (or the number nearest to one-third) of the directors (executive and non-executive) are required to retire annually at the Company's AGM. Accordingly, one-third of directors are subject to rotation and re-election by shareholders at the AGM each year. As per the JSE Listings Requirements, each director is to retire at the Company's first AGM and, accordingly, all the directors will be retiring at the upcoming AGM and have been nominated for re-election as disclosed in the notice of AGM commencing on page 130 of this IAR. Periodic, staggered rotation of board members allows the introduction of new board members with new expertise, whilst retaining valuable knowledge and skills.

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The board's functions are summarised in a charter which embraces King IV's principles of good governance. The charter describes the board's role and responsibilities, the requirements for its composition, meeting procedures, as well as the role of the chair, the lead independent director, and the company secretary. It also deals with matters such as corporate governance, declarations of conflict of interest, induction, training and evaluation of directors. The board's functions include, inter alia, the following:

- assuming ultimate accountability and responsibility for the performance and affairs of the Company;
- effectively representing and promoting the legitimate interests of the Company and its stakeholders in a manner that is both ethical and sustainable;
- approving the strategy, policies and business plans of the Company;
- acting as the custodian of corporate governance;
- ensuring compliance with all relevant laws and regulations;
- ensuring the integrity of the Company's external reports;
- establishing a delegation of authority framework; and
- assuming responsibility for and managing risk in the business.

The board is satisfied that it has fulfilled its responsibilities in accordance with the board charter for the period under review.

To ensure that no one director has unfettered powers of decision-making, there is a clear and appropriate balance of power and authority at board level. The board charter further provides that directors are able to obtain independent professional advice at the Company's expense for the proper execution of their responsibilities, after following an approved procedure. In addition, in the execution of their responsibilities, any director has access to any Company documentation, member of management or staff at any time.

CONFLICTS OF INTEREST

At the beginning of each board meeting, directors are required to inform the board of any conflicts of interest that they may have with regard to any item on the agenda and are required to recuse themselves from any discussions and decisions where they have an interest. In addition, and as per section 75 of the Companies Act, registers are maintained of individual directors' interests in and outside the Company.

TRADING IN EXEMPLAR SHARES

The Company's policy on dealing in securities and price sensitive information prohibits directors and relevant employees from using their position or confidential or price sensitive information to achieve a benefit for themselves or any related parties and further prohibits directors and relevant employees from dealing in any securities during closed periods as defined in the JSE Listings Requirements. The company secretary informs directors of insider trading legislation and of closed periods. All directors and relevant employees require clearance before trading in the Company's shares. Prior clearance to trade must be obtained from the chair of the board. The chair of the board must obtain clearance from the CEO or the lead independent director. The company secretary retains a record of all such share dealings.

THE COMPANY SECRETARY

Ananda Booysen is the appointed company secretary. All directors have access to the advice of the company secretary, who provides professional corporate governance services and guidance to the board and individual members on properly discharging their responsibilities.

In accordance with King IV and the JSE Listings Requirements, an annual evaluation of the company secretary was carried out by the board. The board has evaluated the company secretary's competence, qualifications, skills, knowledge and experience and the board is satisfied that the company secretary has fulfilled her responsibilities and is suitably qualified to continue fulfilling these responsibilities. The company secretary is a full-time employee, but is not a director of the Company, and maintains an arm's-length relationship with the board and individual directors. The company secretary has unfettered access to the board, has a direct channel of communication to the chair of the board, and reports to the board via the chair. Regarding other duties and administrative matters, the company secretary reports to the CEO.

LEADERSHIP ROLES AND FUNCTIONS

There is a clear distinction between the functions of the chair and CEO and they operate independently of each other.

CHAIR

The chair of the board, Frank M Berkeley, is an independent non-executive director and is responsible for leading the board. His responsibilities include providing overall leadership to the board, overseeing that the board leads ethically and effectively, and acting as the link between the board and the CEO.

CEO

Jason McCormick, in his capacity as the CEO, is responsible for the executive or day-to-day management of Exemplar. He is also the liaison between the board and management. The CEO is in regular contact with the chair of the board. The CEO has a one-month notice period in terms of his service agreement with the Company.

LEAD INDEPENDENT DIRECTOR

In accordance with King IV recommendations, Peter J Katzenellenbogen was appointed as the lead independent director in July 2018. His functions include leading in the absence of the chair or where the chair's independence is considered impaired, and serving as a sounding board for the chair.

BOARD COMMITTEES

The board has established and delegated certain responsibilities to the following committees:

AUDIT AND RISK COMMITTEE
REMUNERATION COMMITTEE
SOCIAL AND ETHICS COMMITTEE

The committees have been established to assist the board in discharging its duties and in the overall governance of the Company, while overall responsibility remains with the board. The board ensures that its arrangements for delegation within its own structures promote independent judgment and assist with the balance of power and the effective discharge of duties. Every committee has a board-approved charter which sets out the committee's role and responsibilities, composition, meeting procedures and the like. Each committee charter is reviewed annually, updated where necessary, and aligned with King IV and the JSE Listings Requirements. Every director is entitled to attend any committee meetings as an observer. Notwithstanding the aforementioned, after each committee meeting, the chair of the committee reports back to the board and the minutes of all committee meetings are made available to all directors. Accordingly, there is full transparency and disclosure between the committees and the board. The chair of the board, the chair of each committee, as well as a representative from the external auditor will be in attendance at the Company's AGM and available to answer any questions from stakeholders.

AUDIT AND RISK COMMITTEE

MEMBERS	MEETINGS ATTENDED
Peter J Katzenellenbogen (Chair)	2/2 100%
Frank M Berkeley	2/2 100%
Elias P Maponya	2/2 100%
Other regular meeting attendees (by invitation)	Executive Directors, Group Financial Manager, representatives from the external auditor

The Audit and Risk Committee is appointed by the board and approved by the shareholders annually at the Company's AGM and consists of three independent non-executive directors, including the chair of the board which the Company is satisfied with given the current size of the board. The board is satisfied that each member of the committee has adequate relevant knowledge and experience to equip the committee to perform its functions, as required in terms of the Companies Act. In addition, the chair of the committee has the requisite experience in accounting and financial management. A brief curriculum vitae of each committee member is available on pages 22 - 23 of this IAR.

The Audit and Risk Committee meets at least twice per year, with meetings scheduled in line with the Company's financial reporting cycle and special meetings are convened when required.

The Audit and Risk Committee operates in accordance with the statutory duties imposed by the Companies Act, as well as the duties imposed by the JSE Listings Requirements and the committee charter, which incorporates the principles contained in King IV.

The responsibilities of the Audit and Risk Committee include overseeing integrated reporting, reviewing the expertise, resources and experience of the Company's finance function, ensuring that an effective plan for risk management is implemented, overseeing the external audit process and confirming the independence of the external auditor, overseeing the compliance function designed to ensure compliance with applicable laws and regulations, overseeing the governance of technology and information, and ensuring that the Company has appropriate controls to detect and prevent fraud.

The Audit and Risk Committee's full report commences on page 71 of the annual financial statements, which forms part of this IAR.

REMUNERATION COMMITTEE

MEMBERS	MEETINGS ATTENDED
Gregory VC Azzopardi (Chair)	2/2 100%
Frank M Berkeley	2/2 100%
Peter J Katzenellenbogen	2/2 100%
Other regular meeting attendees (by invitation)	Executive Directors, Group Financial Manager

The Remuneration Committee is appointed by the board and consists of three independent non-executive directors. Specific members of management are invited to attend the committee's meetings in order to report back on relevant issues.

The Remuneration Committee meets at least twice per year and special meetings are convened when required.

The responsibilities of the Remuneration Committee include approving policy that ensures that the Company remunerates fairly, responsibly and transparently, ensuring that the Company remunerates directors fairly and responsibly in the context of overall employee remuneration in the Company, reviewing share purchase or other incentive schemes and ensuring that the remuneration report and the disclosure of director remuneration is accurate, complete and transparent.

The remuneration report commences on page 60 of this IAR.

SOCIAL AND ETHICS COMMITTEE

MEMBERS	MEETINGS ATTENDED
Elias P Maponya (Chair)	2/2 100%
Gregory VC Azzopardi	2/2 100%
Jason McCormick	2/2 100%
Other regular meeting attendees (by invitation)	Head of Human Resources and Marketing, Head of Communications, Head of Group Operations

The Social and Ethics Committee is a statutory committee established in terms of section 72 and regulation 43 of the Companies Act. The committee is appointed by the board and consists of two independent non-executive directors and one executive director. Specific members of management are invited to attend the committee's meetings in order to report back on relevant issues.

The Social and Ethics Committee meets at least twice per year and special meetings are convened when required.

The Social and Ethics Committee's functions include the statutory duties prescribed in the Companies Act as well as those described in King IV. Its responsibilities include ensuring that the Company is and remains a good and responsible corporate citizen, monitoring sustainable development and stakeholder relationships and monitoring the Company's activities having regard to relevant legislation, other legal requirements or codes of best practice specifically relating to social and economic development, the environment, health and public safety, consumer relationships, and labour and employment and thereby ensuring that the Company conducts its business in a socially and ethically responsible manner.

The Social and Ethics Committee's full report commences on page 58 of this IAR.

COMMITMENT TO THE GOVERNANCE PRINCIPLES SET OUT IN KING IV

In respect of the period under review, Exemplar has applied all the principles on good corporate governance as provided for in King IV, including the mandatory corporate governance requirements of the JSE Listings Requirements. An overview of the principles and the practices which give effect to each principle is available in the King IV application register. This should be read in conjunction with the Audit and Risk Committee report, the remuneration report and the Social and Ethics Committee report.

KING IV APPLICATION REGISTER

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
1	The governing body should lead ethically and effectively.	Each director cultivates and exhibits integrity, competence, responsibility, accountability, fairness and transparency in his conduct. The board of directors has a clear mandate and appropriate governance structures and processes are in place to ensure that it conducts its business ethically and effectively. Accordingly, the board leads the Company in a manner that is responsible, accountable, fair and transparent, so as to ensure the Company's good performance and legitimacy. The board embodies the values set out in the Company's code of conduct and ethics. Board effectiveness, as well as individual board members' performance, is reviewed annually. These assessments ensure that the board is held accountable for ethical and effective leadership.
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The board has adopted a code of conduct and ethics. The implementation and enforcement of the code of conduct and ethics has been delegated to management. The Social and Ethics Committee plays a key role in overseeing and monitoring the Company's ethics. Although this responsibility has been delegated, the board remains responsible for the way in which this responsibility is discharged. Accordingly, the board bears responsibility for the Company's ethical culture. The board recognises its role to set the tone for an ethical culture in which ethical values are adopted by all employees. The Company's ethical values are cultivated and adopted by all employees and inform all employees' behaviour. The code of conduct and ethics includes a whistleblowing policy and is available on the Company's website and is incorporated by reference in each employee's employment contract.
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Exemplar strives to be a good corporate citizen by operating its business in a sustainable manner, complying with all applicable laws and regulations, and adhering to its code of conduct and ethics. The board acknowledges the Company's responsibility to each of its stakeholders. The Social and Ethics Committee monitors and assesses the Company's activities with regard to good corporate citizenship. Management reports to the committee on matters relating to employment equity and the promotion of equality, the prevention of unfair discrimination and corruption, the contribution of the Company to the communities in which it operates, and health and safety matters.

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	As a REIT, Exemplar aims to create value for investors and other stakeholders by owning and internally managing a portfolio of quality retail shopping centres in South Africa's under-serviced township and rural areas. The board assumes responsibility for the performance of the Company and determines its core purpose and strategy. The board meets its objectives by setting values, promoting high standards of corporate governance, approving key policies and objectives and ensuring that obligations to its shareholders and other stakeholders are understood and met. The board considers risks and opportunities at board meetings and how these impact on Exemplar creating value for its stakeholders. The board has delegated to management the formulation of a strategy which is to be considered by the board and which should include targets over the short, medium and long term. The board makes decisions with regard to potential acquisitions or disposals of properties by the Company. As and when distributions are paid, the Audit and Risk Committee reviews the Company's going concern status and, upon recommendation of the committee, the board confirms that the Company is solvent and liquid and is therefore a going concern. Exemplar declares distributions bi-annually. As a REIT, Exemplar must distribute at least 75% of its total distributable profits to shareholders.

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long prospects.	The board acknowledges that effective communication with stakeholders is of paramount importance and that Exemplar should provide accurate, relevant and timeous information to stakeholders so as to enable stakeholders to make an informed decision about the Company. The board, through the Audit and Risk Committee, assesses the integrity of all external reports and ensures that all communication is transparent, accurate and relevant. The Audit and Risk Committee oversees that the IAR and financial statements comply with legal requirements and meet the needs of material stakeholders. This IAR was compiled in accordance with the following: - the International <IR> Framework; - the Companies Act; - the JSE Listings Requirements; - King IV; and - the International Financial Reporting Standards. Exemplar communicates with shareholders through SENS announcements, its website, and its IAR which includes its AFS. The board ensures that the IAR, including the corporate governance disclosures, AFS and other external reports, are published on the Company's website.
6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The board, supported by its various committees, is committed to ensuring sound corporate governance in Exemplar and believes that good governance contributes to value creation in the short, medium and long term. Exemplar regards corporate governance as fundamental to the sustainability of its business. The board shall act as the custodian of corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles and by ensuring accountability for the Company's performance through reporting and disclosures. The board is committed to complying with all applicable legislation and regulations, King IV and the JSE Listings Requirements and always acting in the best interests of the Company. Board meetings are held at least quarterly and corporate governance is a standing item on every meeting's agenda. Attendance at board and committee meetings is disclosed in the corporate governance review which commences on page 43 of this IAR.

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The composition of the board is aligned to King IV recommendations with regard to the mix of executive, non-executive and independent directors. The board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience and independence for it to effectively discharge its role and responsibilities and believes that the skills and experience in its membership promotes better decision-making and effective governance. Exemplar does not have a nominations committee and the board itself is responsible for ensuring that the board appoints sufficient directors with an appropriate mix of skills and knowledge. The board shall decide on any new appointments to the board, subject to shareholder approval. The process shall be formal and transparent. No directors have resigned and no new directors have been appointed after the initial directors were appointed on incorporation of the Company. The company secretary inducts all newly appointed directors in board matters and their duties as directors. Directors are encouraged to undergo training and professional development courses. For further information regarding the composition of the governing body, refer to the corporate governance review which commences on page 43 of the IAR.
8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	The board delegates some of its duties and functions to the three board committees, without abdicating its own responsibilities and while enabling the board to retain effective control. Executive directors and members of senior management attend committee meetings either by standing invitation or on an ad hoc basis to provide pertinent information about their areas of responsibility. The board is of the view that the committees promote independent judgment and assist it to effectively discharge its duties. The details regarding each committee's role and responsibilities, composition, invitees, the number of meetings held, key areas of focus, and the statement that each committee is satisfied that it has fulfilled its responsibilities in accordance with its charter, for the reporting period, is disclosed in the corporate governance review commencing on page 43 or each committee report commencing on pages 58, 60 and 71.

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness.	In an effort to continuously improve the board's effectiveness, an evaluation of the board, its committees and individual directors is performed every year, whether internally or independently. In the period under review, an informal internal assessment of the board and committees was undertaken. All performance evaluations were satisfactory, however, the board took cognisance of the areas in which improvement could be made. The board is satisfied that the evaluation process is improving its performance and effectiveness.
10	The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.	Via the delegation of authority framework, the board delegates authority to executive and senior management to manage the day-to-day business activities and affairs of the Company. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities. The delegation of authority framework is reviewed annually to ensure that the limits remain appropriate. The company secretary is responsible for ensuring sound corporate governance procedures are followed and for providing professional corporate governance services to the board. The board is satisfied that the arrangements regarding accessing professional corporate governance services are effective.
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Risk management is essential to ensure growth in Exemplar's net asset value and, accordingly, Exemplar treats risk as integral to the way it makes decisions and executes its duties. Whilst the board has ultimate responsibility for the governance of risk, the risk governance function has been delegated to the Audit and Risk Committee. The committee advises and assists the board in respect of overseeing risk governance and by setting the direction for how risk should be approached and addressed. Accordingly, the Audit and Risk Committee oversees risk management and monitors Exemplar's risk management process as well as the risk management policy. A risk register is maintained and tabled for discussion at Audit and Risk Committee meetings, after which it is presented to the board. The risks are prioritised in the risk register, which includes the identification of the risk, the potential impact of the risk, the likelihood of the risk occurring, and mitigation measures. For more information on Exemplar's top risks and risk management, refer to the risk management report which commences on page 64 of this IAR.

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
12	The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.	Whilst the board has ultimate responsibility for the governance of technology and information, this function has been delegated to the Audit and Risk Committee. Governance of technology and information is essential for Exemplar to achieve its strategic objectives and the board acknowledges that technology and information governance is an integral part of Exemplar's approach to governance. The board is conscious of the risks in protecting information and intellectual capital. The Audit and Risk Committee also provides assurance that technology and information governance is in place and is effective. The board confirms that processes are in place to ensure the integrity and safeguarding of information. Management is responsible for the day-to-day implementation of technology and information governance by ensuring that data is protected, accurate, and easily accessible by staff. On recommendation by the Audit and Risk Committee, the board has approved a technology and information policy which articulates the Company's direction on the employment of technology and information. The board thus oversees the strategies to enhance security and technology, whilst management is responsible to implement and execute effective technology and information management. No major incidents were reported in the period under review. Planned areas of future focus include off-site cloud back-up and enhanced security.
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Exemplar recognises the essential role that compliance with laws and regulations plays in the governance and sustainability of its business and, accordingly, Exemplar conducts its business in accordance with the letter and spirit of the law. Whilst the board bears ultimate responsibility for compliance governance, this function has been delegated to the Audit and Risk Committee. On recommendation by the Audit and Risk Committee, the board has approved a compliance governance policy, which articulates the Company's direction on how compliance is addressed and approached in Exemplar. The policy mandates all employees of Exemplar to comply with the policy, all applicable laws and any non-binding codes and standards in a way that supports Exemplar being an ethical and good corporate citizen. The board delegates to management the responsibility and execution of effective compliance management, however, the board remains responsible for having oversight of compliance. The head of each department or business unit in the Company is required to ensure compliance with such laws, rules and regulations that apply to their respective department or business unit. The policy seeks to ensure that compliance is understood not only for the obligations it creates, but also for the rights and protections it affords. Exemplar submits to the JSE, on an annual basis, its REIT compliance declaration and annual compliance certificate confirming its compliance with the JSE Listings Requirements. Exemplar has received no sanctions or fines for contraventions of, or findings of non-compliance with, any statutory obligations.

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Whilst the board bears ultimate responsibility for remuneration governance, this function has been delegated to the Remuneration Committee. The board, on recommendation of the Remuneration Committee, has approved and adopted a remuneration policy. Exemplar's remuneration philosophy is that remuneration must be fair, responsible and transparent in order to attract, motivate, reward and retain human capital and to promote responsible corporate citizenship. In accordance with King IV, both the remuneration policy and the remuneration implementation report will be tabled for separate non-binding advisory votes by shareholders at each AGM. The disclosure of remuneration in the remuneration report is intended to be completely transparent and understandable.
15	The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Audit and Risk Committee is responsible for setting the direction concerning the arrangements for assurance services and functions and for assessing the quality and integrity of Exemplar's external reports. A number of forms of assurance are in place, including oversight by executive and senior management, oversight by the board and committees and oversight by the external auditor. Exemplar did not have an internal audit function in the period under review. The Audit and Risk Committee is satisfied that Exemplar's current assurance systems are functioning effectively, but intends to utilise internal audit for certain projects in the future.
16	In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The board recognises the importance of maintaining stakeholder relationships. The board, through its Social and Ethics Committee, sets the direction for how stakeholder relations should be approached and conducted. The board acknowledges that Exemplar's reputation is dependent on its relationship with its stakeholders and has adopted a stakeholder engagement policy. The board promotes a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders (which include shareholders, tenants, employees, suppliers and the broader community in which it operates) with the interests of Exemplar. Exemplar strives to always provide stakeholders with accurate, complete, timely and relevant information and ensures that each relationship is treated with respect, integrity and honesty. Exemplar encourages proactive engagement and communication with stakeholders through various channels and platforms. The executive directors have an open-door policy and regularly engage with employees and tenants. Exemplar's website is widely used to disseminate information to shareholders and Exemplar encourages all shareholders to attend its AGM, where the board will be available to respond to shareholders' queries.

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee has pleasure in submitting its report for the financial year ended 28 February 2019.

The composition of the committee, disclosure of attendance of its meetings and responsibilities are set out on page 50 of the corporate governance review forming part of the IAR.

The committee has adopted a charter which sets out its responsibilities. The charter is reviewed annually and is approved by the board. In terms of the charter, the performance of the committee and its members are assessed on an annual basis. The outcome of this evaluation was satisfactory.

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HIGHLIGHTS AND ACTIVITIES OF THE COMMITTEE DURING THE YEAR UNDER REVIEW

As a newly constituted committee, we are committed to ensuring that we fulfil our mandate in terms of the charter. In the year under review, we have focussed on the following -

ORGANISATIONAL ETHICS

Much emphasis was placed on ethics and, accordingly, the committee considered and recommended a code of conduct and ethics for approval by the board of directors. In addition, a fraud and ethics hotline was implemented, operated by Whistle Blowers, whereby any person may anonymously and confidentially report unethical conduct at the Company by making use of an independent reporting system. The Company's website contains the whistleblowing procedures. Planned areas of future focus include monitoring adherence to the code of conduct and ethics.

B-BBEE AND EMPLOYMENT EQUITY

Exemplar has implemented an employment equity plan and supports the promotion of equal opportunity. The employment equity committee meets on a regular basis and approves the employment equity plan. The committee is chaired by the Head of Human Resources and Marketing, a member of executive management. As Exemplar is committed to uplifting the local communities within which its shopping centres are situated, it contracts with mainly B-BBEE entities for the servicing and maintenance of its shopping centres. Exemplar is currently non-compliant but has appointed a B-BBEE consultant in order to assist it in its endeavours to ensure compliance with B-BBEE legislation in the financial years to come. The current annual compliance certificate is available at www.exemplarREIT.co.za.

CORPORATE SOCIAL INVESTMENT

Exemplar acknowledges the important role of the local communities within which its shopping centres are situated and therefore understands the importance of investing in these communities. Exemplar also partners with its tenants and others to uplift the local communities through donations and the like.

Our CSI programmes are driven under the banner of ChangeforGood.co.za. An initiative developed in partnership with MPD, ChangeforGood.co.za aims to do something every day to improve the lives of the communities the Company deals with. Across the portfolio of 20 centres, R2 874 257 worth of contributions were made. This contribution, which is allocated amongst 41 initiatives undertaken during the period under review, includes housing donations, back to school donations, Mandela Day activities and sanitary pad donations. Highlights from the year include two houses that were donated as part of the launch of the redeveloped Kwagga Mall in December 2018. Contractors involved in the re-development rallied together to build the houses - one for a child-headed household whose shack had burnt down in early October and one for a well-respected elder in the community who assists the youth in the area. For a full overview of the initiatives that took place, visit www.changeforgood.co.za.

ENVIRONMENT, HEALTH AND PUBLIC SAFETY AND SUSTAINABLE DEVELOPMENT

Exemplar operates by always being cognisant of environmental sustainability and always remains committed to reducing its environmental footprint.

PV Solar Power System

Exemplar has implemented the use of solar technology and other energy-efficient or energy saving methods in order to become less reliant on municipal electricity supply thereby reducing its consumption of electrical power mainly generated by the burning of fossil fuels. Exemplar plans to rapidly increase its roll out of PV systems across its portfolio in the short to medium term.

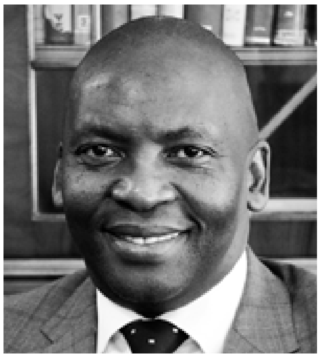
Compliance with the Occupational Health and Safety Act

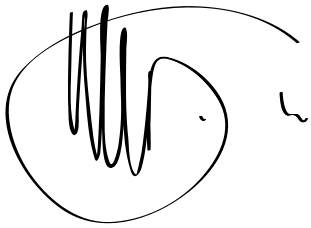
The Head of Group Operations ensures that health and safety issues are prioritised. Our health and safety representatives are upskilled through annual training. During the year under review, no major health and safety incidents were reported. Exemplar has recently implemented an updated occupational health and safety policy and framework in its continued commitment to remain current with legislation and industry codes of best practice. Each centre manager has been provided with training on the new policy.

The aforementioned initiatives demonstrate Exemplar's commitment to being a good corporate citizen.

CONCLUSION

The committee is satisfied that it has discharged all of its responsibilities in accordance with its charter for the period under review.





ELIAS P MAPONYA
Chair: Social and Ethics Committee

REMUNERATION REPORT

The Remuneration Committee has pleasure in submitting its report for the financial year ended 28 February 2019.

Details of the composition of the Remco, disclosure of attendance of its meetings and its responsibilities are set out on page 49 of the corporate governance review forming part of this IAR. The Remco has adopted a charter which sets out its responsibilities. This charter is reviewed annually and is approved by the board. The Remco is satisfied that it has discharged all of its responsibilities in accordance with its charter for the period under review. In terms of the charter, the performance of the Remco and its members are assessed on an annual basis. The outcome of this evaluation was satisfactory.

In accordance with King IV, this report consists of three parts, namely a background statement, an overview of the remuneration policy and a remuneration implementation report.

PART 1: BACKGROUND STATEMENT

As a newly constituted committee, we are committed to ensuring that we fulfil our mandate in terms of the charter and a key objective of this report is to describe the remuneration policy which Exemplar has developed and formalised. Accordingly, in the year under review, we have focussed on the following:

- developing a formalised remuneration policy for Exemplar. The Remco considered and recommended the remuneration policy for approval by the board of directors. The purpose of the remuneration policy is to ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The Remco also considered the implementation of the remuneration policy. The remuneration policy shall be reviewed annually;
- the remuneration of executive directors and the fees of non-executive directors were determined by conducting an informal benchmarking exercise against other property companies which are comparable in terms of size and complexity. The Remco agreed that formal benchmarking was unnecessary during the period under review;
- reviewing the Company's share purchase plan, which was approved, prior to listing, by the Company's shareholders; and
- the Remco made a recommendation regarding the increase in non-executive directors' fees for the following financial year and the proposed increase of 5% will be recommended for approval by the shareholders at the AGM.

The Remco is satisfied that the remuneration policy has achieved its objectives (as stated in part 2 below), that it is aligned with best practice and that its application will lead to sustained value for all stakeholders.

Exemplar has open and honest communication with its shareholders on all matters and is committed to engaging shareholders on its remuneration policy. In accordance with King IV and the JSE Listings Requirements, the remuneration policy and the remuneration implementation report will be put to non-binding advisory shareholder votes at the upcoming AGM. Should either the remuneration policy or the remuneration implementation report be voted against by shareholders exercising 25% or more of the votes exercised, the Company will engage with shareholders to address legitimate and reasonable concerns raised on either the remuneration policy and/or the remuneration implementation report.

PART 2: OVERVIEW OF THE REMUNERATION POLICY

The purpose of the remuneration policy is to articulate and give effect to the Company's direction on fair, responsible and transparent remuneration that achieves the Company's objectives of rewarding and retaining talented employees, promoting positive outcomes, an ethical culture and responsible corporate citizenship.

Remuneration comprises three elements, namely a total guaranteed package, a short term incentive, and a long-term incentive. The policy is applicable to the executive directors and all other employees.

The remuneration policy is based on the following objectives:

- remuneration is aligned to the overall business strategy, objectives and values of the Company, and the interests of its shareholders;
- executive remuneration is fair, equitable and responsible in the context of overall employee remuneration within the Company;
- incentive pay is aimed at rewarding and incentivising superior performance and encouraging retention;
- remuneration should enable the attraction and retention of high-calibre employees and it should motivate, drive deeper engagement, enable performance and allow for differentiation in rewarding high performers;
- remuneration should directly correlate with the growth plans and financial performance of the Company;
- remuneration should be free from discriminatory practices based on race, gender, marital status, family responsibility, sexual orientation, age, disability, religion, culture, language and the like; and
- remuneration should be reviewed and benchmarked to ensure that the Company remunerates fairly and competitively.

ELEMENTS OF REMUNERATION

- Total guaranteed package
  All staff, including the executive directors, are remunerated in terms of their employment contracts that allow for a guaranteed annual package. Each employee's guaranteed annual package is based on their role and responsibilities. The guaranteed package includes benefits such as a corporate pension fund and benefit scheme. In addition to the guaranteed annual package, the Company contributes 50% to medical aid cover, if an employee elects to have this cover.

  Annual increases are awarded in June of each year and are determined with reference to inflation, employee performance and Company performance.

- Short term incentive
  All staff are eligible to be awarded an annual cash bonus each year that is linked to both employee performance and Company performance. The bonus pool quantum is reviewed and approved by the Remco and bonuses are payable annually in December.

- Long-term incentive
  The Company has adopted a share purchase plan in terms of which, subject to the approval of the Remco, the Company may offer shares to any employee, including the executive directors, for subscription or purchase on loan funding provided by the Company. In terms of the plan, the Company extends credit to enable employees to purchase and/or subscribe for shares at market value. The loan facility bears interest and must be repaid, inter alia, if the employee ceases to be an employee of the Company. The purpose of the share purchase plan is to align the interests of the Company's employees with those of the shareholders of the Company by providing such employees an opportunity to acquire shares in the Company.

  After the initial allocation of 4 255 100 shares to share purchase plan participants as disclosed in the Company's Prospectus, no further shares have been offered or allocated to any employees. As at the date of this report, 5 744 900 shares are available for future allocations to employees in terms of the share purchase plan.

SERVICE AGREEMENTS WITH EXECUTIVE DIRECTORS

Each executive director has concluded a service agreement with the Company, in terms of which each executive directoris subject to a one-month notice period. There are no contractual obligations within these service agreements which could give rise to payments on termination of office.

NON-EXECUTIVE DIRECTOR FEES

Non-executive directors are paid an annual retainer fee, that is market-related, and do not receive additional fees per board or committee meeting. In line with the provisions of King IV, non-executive directors do not participate in any performance-related remuneration or in the Company's share purchase plan and do not receive remuneration other than their fees. In addition to the annual retainer fee, the Company pays for all reasonable travel and accommodation expenses incurred by its non-executive directors to attend board and committee meetings. Due to the nature of his role and responsibilities, the chair of the board is paid a higher fee than the other non-executive directors.

The Remco reviews the non-executive director fees annually and recommends to the board the fees payable to the non-executive directors, which proposes the fees for approval by the shareholders at the AGM.

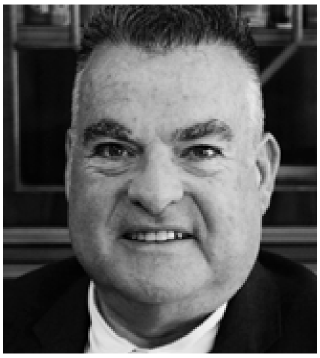
The Remuneration Committee is committed to ensuring that we fulfil our mandate in terms of the charter.

PART 3: IMPLEMENTATION REPORT

Exemplar's Remco is satisfied that it complied with the remuneration policy during the period under review.

The Remco has agreed that a formal benchmarking exercise will be undertaken, as and when deemed necessary, in respect of the remuneration payable to executive directors.

In accordance with King IV, single figure reporting has been adopted so as to enhance transparency of executive remuneration by consolidating all relevant information into a single table. Each executive director receives a salary of R3 000 000 per annum. The table below illustrates the remuneration paid to each executive director during the reporting period.



GREGORY VC AZZOPARDI
Chair: Remuneration Committee

REMUNERATION PAID TO EXECUTIVE DIRECTORS

EXECUTIVE DIRECTORS	SALARY FOR 2019 FINANCIAL YEAR* R'000	SHORT TERM INCENTIVE (BONUS) R'000	TOTAL REMUNERATION RECEIVED DURING REPORTING PERIOD R'000
Jason McCormick	2250	-	2250
John McCormick	2250	-	2250
Duncan A Church	2250	-	2250

** Pro-rata salary from June 2018 to February 2019*

EXECUTIVE DIRECTORS' LONG-TERM INCENTIVE

EXECUTIVE DIRECTORS	NUMBER OF SHARES ISSUED	DATE OF ISSUE	ISSUE PRICE (RAND)	EMPLOYEE ASSET R'000
Jason McCormick	1 000 000	31 May 2018	10,00	10 000
John McCormick	-	-	-	-
Duncan A Church	-	-	-	-

FEES PAID TO NON-EXECUTIVE DIRECTORS

Fees for the 2019 financial year were paid on the basis outlined in the Company's Prospectus in terms of which each non-executive director receives R300 000 per annum and the chair R400 000 per annum. Proposed fees for the 2020 financial year are set out below and are contained in the notice of AGM for shareholder approval.

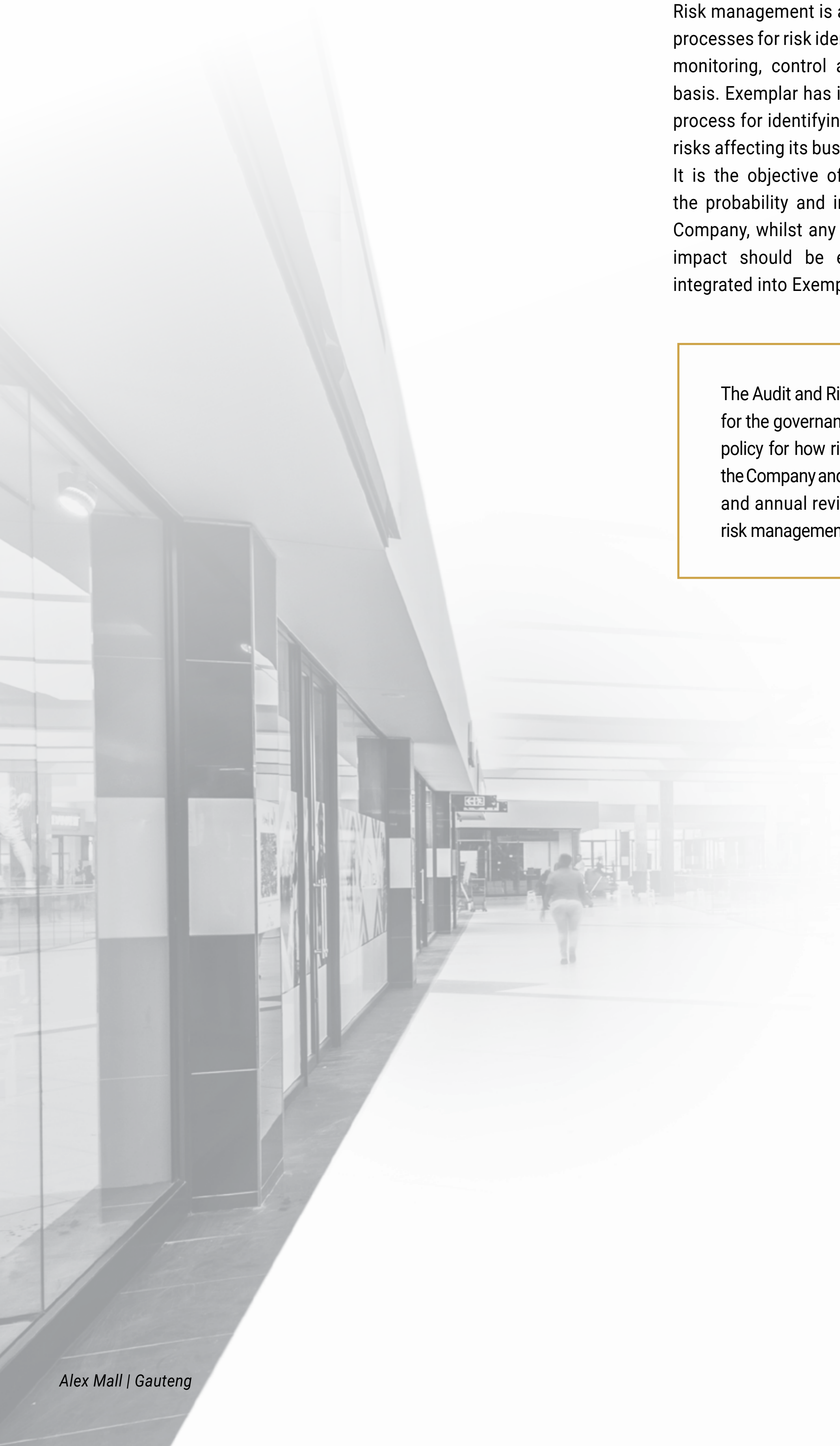
	FEES FOR 2019 FINANCIAL YEAR**	PROPOSED FEES FOR 2020 FINANCIAL YEAR
Chair of the board	R450 000	R420 000
Non-Executive Director of the board	R337 500	R315 000

*** Pro-rata fee from incorporation of the Company to February 2019*

RISK MANAGEMENT

Risk management is an ongoing process and includes processes for risk identification, assessment, analysis, monitoring, control and risk reporting on a regular basis. Exemplar has implemented a risk management process for identifying, evaluating and monitoring any risks affecting its business and controlling these risks. It is the objective of risk management to decrease the probability and impact of events adverse to the Company, whilst any event that could have a positive impact should be explored. Risk management is integrated into Exemplar's strategy.

> The Audit and Risk Committee is responsible for the governance of risk by formulating the policy for how risk should be approached by the Company and overseeing the development and annual review of a policy and plan for risk management.



Alex Mall | Gauteng

THE TOP RISKS AND OUR RESPONSES THERETO ARE SUMMARISED BELOW.

RISK DESCRIPTION	MITIGATING ACTIONS
1. Depressed macro-economic conditions adversely affecting consumer spend which in turn places downward pressure on trading densities and could lead to reduced rentals, higher tenant arrears, defaults and vacancies.	• Well located shopping centres offering multiple social grant payout points per centre to increase footfall. • Constant monitoring of the local trading environment and upgrading or expanding shopping centres on a proactive basis. • Constant analysis of trading densities to ensure appropriate tenant mix, rental levels and tenant retention.
2. Rising cost of debt due to unfavourable national and global conditions.	• Well-managed and monitored strategy, involving hedging a minimum of 65% of interest-bearing debt with appropriate derivatives. • Monitoring of international and local economic climate and aligning development and hedging strategy with views of future rate movements. • Sequence of interest rate cap and collar transactions concluded.
3. Service delivery interruptions, including electricity, water and refuse removal, due to the deterioration of municipal administration and service delivery affecting tenants' ability to trade at desired levels of profitability.	• Ensure sufficient back-up systems are in place to deliver cost-effective electricity, water and municipal services and ensure minimal downtime. • Meter readings performed independently of council readings and maintained by the in-house property management team. • Professional consultants utilised to ensure local authority approval processes are followed. • Investigation and implementation of renewable energy sources. • Increased reliance on own water provision and own waste treatment.
4. Major tenant failure.	• Constant analysis of trading densities. • Respond proactively to possible tenant defaults. • Continued engagement with key tenant representatives.
5. Information security and cyber resilience (technology and information governance).	• Strong controls in place over information systems and data management. • Daily back-ups of information at an offsite storage facility and proper maintenance of IT infrastructure. • Support of appropriately skilled IT service provider. • Virtualised server environment.
6. Destruction of and damage to investment property including armed robberies, theft and vandalism (security-related threats).	• Properties are insured based on regular assessment of replacement cost as well as a large portion of loss of income. • Outsourced security providers are utilised and buildings are equipped with security features. • Maintaining a close relationship with the South African Police Services and the relevant communities. • Constant review of insurance premiums relative to coverage.
7. Increased retail space making tenant retention more difficult and placing downward pressure on rentals.	• Leasing and renewal functions performed entirely in-house. • Ensure property assets are well managed and destinations of choice in communities they serve.
8. Failure to comply with applicable legislation and regulations, including the JSE Listings Requirements.	• Adoption and enforcement of compliance governance policy. • Employment of suitably skilled and experienced staff to ensure compliance in their respective areas of expertise. • Company to continually monitor via legal advisor, senior management, heads of department and JSE sponsor.

Modi Mall | Limpopo

CHAPTER 4

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

REGISTERED NAME
Exemplar REITail Limited

COMPANY REGISTRATION NUMBER
2018/022591/06

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
Exemplar REITail is a market leader in the ownership and management of retail real estate in South Africa

EXECUTIVE DIRECTORS
Church, DA
McCormick, J (Jason)
McCormick, J (John)

NON-EXECUTIVE DIRECTORS
Azzopardi, GVC
Berkeley, FM
Katzenellenbogen, PJ
Maponya, EP

REGISTERED OFFICE AND BUSINESS ADDRESS
Corner Lyttelton Road and Leyden Avenue
Clubview
Centurion
0157

AUDITOR
BDO South Africa Incorporated
Chartered Accountants (S.A.)
Registered Auditor

LEVEL OF ASSURANCE
These group financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

PREPARER
The financial statements were internally compiled by: C.R. Sansom (BComm (Acc), PGDipTax) under the supervision of D.A. Church (Chief Financial Officer - BCompt (Hons), CA (SA))

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the Group and Company financial statements and related financial information included in this report. It is their responsibility to ensure that the Group financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the financial year then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the Group financial statements.

The Group and Company financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and Company and all employees are required to maintain the highest ethical standards in ensuring the Group and Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Group and Company financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's and Company's cash flow forecast for the period to 29 February 2020 and, in light of this review and the current financial position, they are satisfied that the Group and Company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group and Company financial statements. The Group and Company financial statements have been examined by the Group and Company's external auditor and their report is presented on pages 77 to 80.

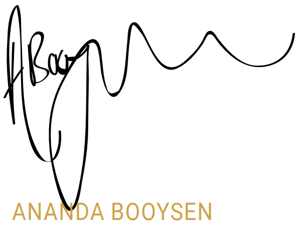
The Group and Company financial statements set out on pages 81 to 125, which have been prepared on the going concern basis, were approved by the board of directors on 23 May 2019 and were signed on their behalf by:

JASON MCCORMICK
Chief Executive Officer

DUNCAN ALAN CHURCH
Chief Financial Officer

DECLARATION BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, and in my capacity as company secretary, I hereby certify that, to the best of my knowledge, Exemplar REITail Limited has filed the required returns and notices with the Companies and Intellectual Property Commission as are required in terms of the Companies Act, for the year ended 28 February 2019, and that all such returns and notices appear to be true, correct, and up to date.



ANANDA BOOYSEN
Company Secretary
23 May 2019

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 28 February 2019.

FUNCTION AND COMPOSITION OF THE COMMITTEE

The responsibilities of the committee are detailed in section 94(7)(f) of the Companies Act, King IV, the Company's memorandum of incorporation and the JSE Listings Requirements.

The key functions and responsibilities of the committee include ensuring the integrity of financial reporting and the audit process by overseeing the external audit and confirming the independence of the external auditor, overseeing integrated reporting, reviewing the expertise, resources and experience of the Company's finance function, ensuring that an effective plan for risk management is implemented, overseeing the compliance function to ensure compliance with applicable laws and regulations, overseeing the governance of technology and information, and ensuring that the Company has appropriate controls to detect and prevent fraud. The responsibilities of the committee have been codified in the committee charter, which is reviewed annually and approved by the board.

THE COMMITTEE COMPRISES THE FOLLOWING THREE INDEPENDENT NON-EXECUTIVE DIRECTORS:

PETER J KATZENELLENBOGEN (Chair)

FRANK M BERKELEY

ELIAS P MAPONYA

Attendance at the committee meetings is set out in the corporate governance review which forms part of the Integrated Annual Report. Members of the committee are elected annually by shareholders at the AGM.

In terms of the charter the performance of the committee and its members are assessed on an annual basis. The current evaluation was satisfactory and no matters of concern were raised.

ACTIVITIES OF THE COMMITTEE DURING THE REPORTING PERIOD

EXTERNAL AUDITORS

BDO South Africa Incorporated (BDO) was appointed as the Company and group external auditors in the place of Grant Thornton Johannesburg Partnership (Grant Thornton), who were the auditors of Exemplar's subsidiaries for several years prior to the appointment of BDO. The change was initiated by Grant Thornton following the merger of Grant Thornton and BDO, effective 1 December 2018.

The committee is satisfied with the suitability and independence of BDO as the external auditor and of Garron Chaitowitz as the engagement audit partner. The committee has reviewed the information detailed in paragraph 22.15(h) of the JSE Listings Requirements and concluded that the external auditor and the engagement audit partner are suitable and have the requisite competence, expertise and experience to discharge their responsibilities.

The committee approved the external auditor's engagement letter, reviewed the audit plan, and agreed the proposed audit fee for the year ended 28 February 2019. The committee has also approved a policy for the provision of non-audit services by the auditor.

The committee obtained the necessary assurance from the auditor of their independence, reviewed the external auditor's report and is satisfied with the performance and effectiveness of the external audit process.

Accordingly the committee nominates and recommends BDO as auditor, with Garron Chaitowitz as the engagement audit partner, for shareholder approval at the next annual general meeting.

INTERNAL AUDIT

The Company does not currently have an internal audit function. The committee resolved, based on the size and nature of operations of the Company, to implement internal audits on focussed areas and for specific projects in the ensuing financial year.

FINANCE FUNCTION REVIEW

The committee has satisfied itself of the appropriateness of the finance function's resources, experience and expertise as well as the experience and expertise of the Chief Financial Officer. The committee is satisfied that appropriate financial reporting procedures have been established and are operating and that these internal financial controls have been effective in all material respects throughout the period under review and underpin the basis for the preparation of reliable annual financial statements.

RISK MANAGEMENT

The Company recorded and ranked all risks in a risk register which guides the oversight provided by the committee. The committee approved the risk management policy and reviewed the risk register.

The committee is satisfied as to the effectiveness of the risk management processes and confirms that the risk management policy has been complied with in all material respects.

The risk management policy prohibits the Company from entering into any derivative transactions not in the ordinary course of business.

COMPLIANCE

The committee reviewed the compliance governance policy and compliance registers including a review of the Company's procedures for preventing and detecting fraud, bribery and corruption and the mechanisms for protected disclosure and whistleblowing. It receives and deals with any disclosures made via the anonymous whistleblowing hotline.

PETER J KATZENELLENBOGEN
Chair: Audit and Risk Committee
23 May 2019

ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The committee reviewed the annual financial statements for the year ended 28 February 2019 including the accounting policies and is satisfied that they comply with the Companies Act, International Financial Reporting Standards, and the JSE Listings Requirements.

The JSE's report on the proactive monitoring of financial statements in 2018 was considered during the review of the annual financial statements to ensure the integrity of the financial information in the annual financial statements. The committee recommended the adoption of the annual financial statements to the board of directors.

INTEGRATED ANNUAL REPORT

The committee reviewed the Integrated Annual Report and ensured that it is prepared in accordance with appropriate reporting standards and conforms to the requirements of King IV and the JSE Listings Requirements. The committee recommended the Integrated Annual Report for approval by the board of directors.

GOING CONCERN STATUS AND SOLVENCY AND LIQUIDITY

The committee reviewed the going concern assertion by management of the Company and recommended it for approval by the board.

The committee is satisfied that the board has performed a solvency and liquidity test of the Company as required in terms of sections 4 and 46 of the Companies Act and concluded that the Company will satisfy the test after payment of the final dividend. The committee also confirms that the test was performed at the interim distribution stage.

CONCLUSION

The committee is satisfied that it has discharged its statutory responsibilities, as well as its responsibilities in accordance with its charter, for the period under review.

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the Group financial statements of Exemplar for the period ended 28 February 2019.

The Company was incorporated on 17 January 2018 and commenced trading on 1 June 2018.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Group financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Full details of the financial position, results of operations and cash flows of the Group are set out in these group financial statements, as well as the Chair's report, Chief Executive Officer's report and Chief Financial Officer's report in Exemplar REITail Limited's Integrated Annual Report.

2. SHARE CAPITAL

The Company's authorised share capital comprises 5 000 000 000 ordinary shares of no par value.

On incorporation, the Company issued 3 500 000 shares at 1 cent each, and on 9 March 2018 a further 500 000 shares also at 1 cent each. On 31 May 2018, 184 900 shares were issued at R10 each and a further 4 255 100 shares at R10 each in terms of the share purchase plan. On 1 June 2018, 297 431 896 shares were issued in exchange for the shares, shareholders' claims and property letting enterprises acquired as more fully detailed in note 35.

At 28 February 2019, the Company had 305 871 896 shares in issue.

During March 2019, a further 13 867 240 shares were issued at R10 each in respect of the acquisitions of the Kwagga Mall and Modi Mall redevelopments. These shares are reflected as "shares to be issued" in note 10.

As at the date of this report, the Company had 319 739 136 shares in issue.

3. DIVIDENDS

The Group's dividend policy is to consider an interim and a final dividend in respect of each financial period. At its discretion, the board of directors may consider a special dividend, where appropriate.

An interim dividend of 19.10 cents per share was declared in South African currency on 2 November 2018 and paid on 26 November 2018 to the Company's shareholders. This dividend equated to a total of R58 421 532. Dividends totalling R1 671 828 were paid to the non-controlling shareholders in three subsidiary companies.

Total dividends paid by the Group were therefore R60 093 360.

The dividends have been declared from distributable earnings and meet the requirement of a REIT "qualifying distribution" for purposes of section 25BB of the Income Tax Act 58 of 1962 (as amended).

The board of directors has recommended a final dividend of 42.74 cents per share.

The company uses distribution per share as its key performance measure for JSE Trading statement purposes.

4. DIRECTORS' INTERESTS

DIRECTORS' INTERESTS IN EXEMPLAR SHARES

John McCormick and Jason McCormick are beneficiaries of the John McCormick Family Trust (JMFT), which owns 100 shares in Exemplar. Additionally, both are directors of McCormick Property Development (Pty) Ltd (MPD), which is a 58.96% shareholder of Exemplar.

Set out below are the names of directors of the Company and major subsidiaries that, directly or indirectly, are beneficially interested in Exemplar shares in issue as at 28 February 2019. No directors have resigned from the Company since the date of incorporation of the Company.

	Beneficially held				
Directors	**Directly**	**Indirectly**	**Associate**	**Total**	**%**
Duncan Church	1	3 509 512	-	3 509 513	1.15%
Jason McCormick	-	3 206 576	-	3 206 576	1.05%

The JMFT has further interests in the below shareholders of Exemplar and is able to exercise or control more than 35% of the voting rights of these entities and are therefore considered associates of the JMFT.

	Beneficially held by the associate				JMFT interest in the associate
Associates of the JMFT	**Directly**	**Indirectly**	**Total**	**%**	
Blouberg Mall (Pty) Ltd	14 557 154	-	14 557 154	4.76%	80.00%
Diepkloof Plaza (Pty) Ltd	16 440 379	-	16 440 379	5.37%	40.00%
Olievenhout Plaza (Pty) Ltd	12 810 228	-	12 810 228	4.19%	100.00%
Modjadji Plaza (Pty) Ltd	7 924 040	-	7 924 040	2.59%	100.00%

Subsequent to year end, the holding has changed for the associate dealings of John McCormick and Jason McCormick by 7 155 249 and 4 100 125 shares held by JMFT for Kwagga and Modi Mall redevelopments, respectively.

DIRECTORS' INTERESTS IN TRANSACTIONS

Save as disclosed in the above and disclosed in note 30 - Directors' Emoluments, none of the directors of the Company, has or had any material beneficial interest, direct and indirect, in transactions that were effected by the Group during the current financial year or immediately preceding the financial year or during any earlier financial year and which remain in any respect outstanding.

5. EVENTS AFTER THE REPORTING PERIOD

During March 2019 the Company issued 13 867 240 shares in respect of the Modi Mall and Kwagga Mall redevelopment acquisitions.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report, other than as disclosed in these financial statements.

6. AUDITORS

BDO South Africa Incorporated was appointed as auditor for the Group for 2019.

At the AGM, the shareholders will be requested to reappoint BDO South Africa Incorporated as the independent external auditor of the Group and to confirm Mr Garron Chaitowitz as the designated engagement audit partner for the 2020 financial period.

7. SECRETARY

The company secretary is Miss A. Booysen.

The Group financial statements set out on pages 81 to 125, which have been prepared on the going concern basis, were approved by the board of directors on 23 May 2019, and were signed on their behalf by:

JASON MCCORMICK
Chief Executive Officer

DUNCAN ALAN CHURCH
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the consolidated and separate financial statements of Exemplar REITail Limited (the group and company) set out on pages 81 to 125, which comprise the consolidated and separate statements of financial position as at 28 February 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 28 February 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of investment property Group and Company Significant judgement is required by the directors in determining the fair value of investment property. The Portfolio is valued annually by an Independent valuator – Quadrant Properties (Pty) Ltd. The valuations were based on discounted cash flow models. Note 3 Investment property sets out the most significant inputs into valuations, all of which are unobservable. The valuation of investment property is considered a key audit matter due to the significance of the balance, the significant judgements associated with determining fair value and the sensitivity of the valuations to changes in assumptions.	We performed the following procedures amongst others: • evaluated the capabilities, competency and objectivity of the independent valuator. This included verifying professional qualifications and registrations and making an assessment of the independence and appropriateness of the valuator used; • obtained an understanding of the work performed by the independent valuator; • with the assistance of our valuation specialist, compared, for reasonability the significant assumptions and judgements used by the valuator against historical inputs and market data where available and investigated unexpected movements; • for all properties the calculations were scrutinised for accuracy, the inputs for reasonableness and the valuations recomputed; and • in addition, we reviewed the adequacy of the disclosure in the financial statements for compliance with International Financial Reporting Standards, including disclosure on significant inputs and sensitivity analysis.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Exemplar REITail Limited for 1 year.

BDO

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

G M Chaitowitz
Director
Registered Auditor

23 May 2019

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019

	Notes	GROUP	COMPANY
Assets			
Non-Current Assets			
Investment property	3	5 270 795 374	3 195 183 635
Investments in subsidiaries	4	-	879 359 991
Operating lease asset	3	168 350 700	125 061 483
Property, plant and equipment	5	796 241	375 728
		5 439 942 315	**4 199 980 837**
Current Assets			
Loans to subsidiaries	6	-	958 462 286
Loans receivable	7	44 400 471	44 400 471
Trade and other receivables	8	47 711 283	26 003 777
Cash and cash equivalents	9	62 852 515	47 898 763
		154 964 269	**1 076 765 297**
Total Assets		**5 594 906 584**	**5 276 746 134**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Stated capital	10	3 185 487 085	3 185 487 085
Retained income		277 515 153	195 352 576
		3 463 002 238	3 380 839 661
Non-controlling interest	11	146 119 957	-
		3 609 122 195	**3 380 839 661**
Liabilities			
Non-Current Liabilities			
Financial liabilities	12	1 695 459 448	1 695 459 448
Derivative financial instruments	13	3 643 042	3 643 042
Finance lease liabilities	14	30 173 700	13 249 855
Deferred tax	15	94 802 992	63 307 090
		1 824 079 182	**1 775 659 435**
Current Liabilities			
Trade and other payables	16	159 136 659	80 514 764
Finance lease liabilities	14	2 568 548	1 991 437
Loans from subsidiaries	17	-	37 740 837
		161 705 207	**120 247 038**
Total Liabilities		**1 985 784 389**	**1 895 906 473**
Total Equity and Liabilities		**5 594 906 584**	**5 276 746 134**

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 9 MONTHS ENDED 28 FEBRUARY 2019

	Notes	GROUP	COMPANY
Rental income and recoveries	18	517 431 414	315 278 430
Property operating costs	19	(175 410 225)	(106 968 823)
Gross profit		**342 021 189**	**208 309 607**
Other income	20	9 281 896	15 185 298
Administrative expenses and corporate costs		(20 744 135)	(20 711 861)
Operating profit	21	**330 558 950**	**202 783 044**
Investment income	22	5 768 248	65 941 662
Finance costs	23	(124 189 381)	(113 750 101)
Fair value adjustments on investment property		161 696 795	101 422 493
Fair value adjustments on derivative financial instruments		(3 643 042)	(3 643 042)
Profit before taxation		**370 191 570**	**252 754 056**
Taxation	24	1 100 683	1 020 052
Profit for the period		**371 292 253**	**253 774 108**
Other comprehensive income		-	-
Total comprehensive income for the period		**371 292 253**	253 774 108
Profit attributable to:			-
Owners of the parent		335 936 685	
Non-controlling interest	11	35 355 568	
		371 292 253	
Total comprehensive income attributable to:			
Owners of the parent		335 936 685	
Non-controlling interest		35 355 568	
		371 292 253	
Earnings per share:			
Basic and diluted earnings per share (cents)	28	144,03	

STATEMENTS OF CHANGES IN EQUITY AS AT 28 FEBRUARY 2019

Group (in Rands)

	Stated capital	Retained income	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
Shares issued at incorporation	1 889 000	-	1 889 000	-	1 889 000
Shares issued to share scheme	42 551 000	-	42 551 000	-	42 551 000
Issue of shares on listing in respect of acquisitions	3 024 338 221	-	3 024 338 221	-	3 024 338 221
Share issue expenses	(21 963 538)	-	(21 963 538)	-	(21 963 538)
Shares to be issued for acquisitions	138 672 402	-	138 672 402	-	138 672 402
Non-controlling interest on acquisition of subsidiaries	-	-	-	112 436 217	112 436 217
Profit for the period	-	335 936 685	335 936 685	35 355 568	371 292 253
Dividends paid	-	(58 421 532)	(58 421 532)	(1 671 828)	(60 093 360)
Balance at 28 February 2019	**3 185 487 085**	**277 515 153**	**3 463 002 238**	**146 119 957**	**3 609 122 195**
Note	10			11	

Company (in Rands)

	Stated capital	Retained income	Total equity
Shares issued at incorporation	1 889 000	-	1 889 000
Shares issued to share scheme	42 551 000	-	42 551 000
Issue of shares on listing in respect of acquisitions	3 024 338 221	-	3 024 338 221
Share issue expenses	(21 963 538)	-	(21 963 538)
Shares to be issued for acquisitions	138 672 402	-	138 672 402
Profit for the period	-	253 774 108	253 774 108
Dividends paid	-	(58 421 532)	(58 421 532)
Balance at 28 February 2019	**3 185 487 085**	**195 352 576**	**3 380 839 661**
Note	10		

STATEMENTS OF CASH FLOWS AS AT 28 FEBRUARY 2019

	Notes	GROUP	COMPANY
Cash flows from operating activities			
Cash generated from operations	25	304 172 247	150 949 167
Interest income		5 768 248	62 953 909
Finance costs		(124 189 381)	(113 750 101)
Dividend income		-	2 987 753
Dividends paid		(60 093 360)	(58 421 532)
Net cash from operating activities		**125 657 754**	**44 719 196**
Cash flows from investing activities			
Purchase of investment property		(52 608 216)	(49 017 530)
Purchase of property, plant and equipment	5	(346 741)	(381 708)
Increase in investments		-	(6 357 158)
Loans receivable repaid		36 174 523	36 100 529
Loans advanced to subsidiaries		-	(920 721 450)
Net cash from investing activities		**(16 780 434)**	**(940 377 317)**
Cash flows from financing activities			
Proceeds from issue of shares - at incorporation		1 889 000	1 889 000
Proceeds from issue of shares - acquisitions	**36**	124 963 883	102 352 780
Share issue expenses		(21 963 816)	(21 963 816)
(Decrease) / increase in financial liabilities	26	(150 913 972)	861 278 920
Net cash from financing activities		**(46 024 905)**	**943 556 884**
Total cash movement for the period		62 852 515	47 898 763
Total cash at end of the period	9	**62 852 515**	**47 898 763**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CORPORATE INFORMATION

Exemplar REITail Limited ("Exemplar" or the "Company") is a corporate REIT incorporated and registered in South Africa.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these group financial statements are set out below.

1.1 BASIS OF PREPARATION

The Group and company financial statements are prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair value. The financial statements are prepared on the going concern basis. They are presented in rand, which is the Group and Company's functional currency and all values are rounded to the nearest rand, except where otherwise indicated.

The Group financial statements have been prepared in accordance with, and in compliance with, International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 71 of 2008 of South Africa, as amended, ("the Companies Act") and the Listings Requirements of the JSE Limited.

1.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of group financial statements in conformity with IFRS requires management to make judgements, estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making its judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Key estimates and assumptions

Estimates and assumptions, an integral part of financial reporting, have an impact on the amounts reported for the Group's assets, liabilities, income and expenses. Judgement in these areas is based on historical experience and reasonable expectations relating to future events.

Actual results may differ from these estimates.

Information on the key estimations and uncertainties that have the most significant effect on amounts recognised are set out in the following notes to the financial statements:

- accounting policies - notes 1.3, 1.4, 1.5 and 1.10;
- investment property valuation - note 3;
- impairment of receivables - note 8; and
- acquisition of assets and liabilities on formation of group - note 35.

1.3 CONSOLIDATION

Basis of consolidation

Subsidiaries

The Group financial statements include the financial statements of the Company and subsidiaries that it controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the elements of control.

The results of subsidiaries are included from the date control was acquired up to the date control ceased. Cost comprises the fair value of any assets transferred, liabilities or obligations assumed and equity instruments issued and excludes transaction costs.

Investments in subsidiaries of the Group are reflected at cost less accumulated impairment losses.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated in the preparation of the consolidated annual financial statements. The accounting policies of the subsidiaries are consistent with those of the Group.

Investments in subsidiaries in the separate financial statements.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses where necessary.

1.4 JOINT ARRANGEMENTS

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

1.5 INVESTMENT PROPERTY

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment property is measured at fair value. Fair values are determined annually by external independent registered valuers on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of both methods to determine fair value.

Gains or losses arising from changes in the fair values of investment property are included in profit or loss for the year in which they arise. Immediately prior to disposal of investment property, the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss in the period during which it occurs.

When the Group begins to redevelop an existing investment property, consideration is given to whether or not the property needs to be reclassified as investment property under development or should remain as investment property, which is measured based on the fair value model.

Tenant installation and lease commission costs are capitalised and amortised over the period of the lease. The carrying value of lease commissions and tenant installations are included with investment properties.

Leased property

Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases.

The property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of future minimum lease payments at inception of the lease.

Property held under finance leases and leased out under operating leases is classified as investment property and stated at fair value.

Leases in terms of which the Group does not assume substantially all risks and rewards of ownership are classified as operating leases.

1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line method, to write off the costs to their residual values over their estimated useful lives. The depreciation rates applicable are as follows:

Item	Average useful life
Computer equipment	3 years
Furniture, fittings and fixtures	10 years
Motor vehicles	5 years

The useful lives and residual values of property, plant and equipment are assessed annually.

1.7 FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of derivative instruments, trade and other receivables, trade and other payables, cash and borrowings. Financial instruments are initially measured at fair value plus, in the case of financial instruments not measured at fair value through profit and loss, transaction costs.

The principal accounting policies applied in the preparation of these group financial statements are set out below.

Subsequent to initial recognition these instruments are measured as set out below:

Cash and equivalents
Carried at amortised cost.

Derivative financial instruments
Carried at fair value, with gain or loss on measurement to fair value recognised immediately in profit or loss. Directly attributable transaction costs are recognised in profit or loss when incurred.

Trade and other receivables
Stated at amortised cost using the effective interest method less accumulated impairment losses.

Trade and other payables
Stated at amortised cost using the effective interest method.

Related party loans receivable
Stated at amortised cost using the effective interest method less accumulated impairment losses.

Related party loans payable
Stated at amortised cost using the effective interest method.

Financial liabilities
Non-derivative financial liabilities not at fair value through profit and loss are recognised at amortised cost using the effective interest method.

For all financial instruments carried at amortised cost, where the financial effect of the time value of money is not considered to be material, discounting is not applied as the fair values of these instruments approximate their carrying values.

Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the contractual rights to receive cash flows from the asset have expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flow from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Directly attributable transaction costs are recognised in profit or loss when incurred.

The fair value of derivatives is the estimated amount that the Group would receive or pay to terminate the derivative at the reporting date, taking into account relevant interest rates and exchange rates and the creditworthiness of the counterparties.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

1.8 IMPAIRMENT

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount and is recognised in profit or loss.

Impairment losses recognised are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or a cash-generating unit is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For any asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised.

Financial assets

In terms of IFRS 9 an entity is required to recognise an expected credit loss on a financial asset, other than trade receivables and lease receivables, based on unbiased, forward looking information. Exposures would be divided into the following three stages:

- Stage 1: 12-month expected credit loss will be recognised on exposures where the credit risk has not significantly increased since origination.
- Stage 2: Lifetime expected credit losses will be recognised for exposures with a significant increase in credit risk since origination.
- Stage 3: Lifetime expected credit losses will be recognised on exposures that meet definition of default.

An entity has a policy choice to apply either the simplified approach or the general approach for all lease receivables that result from transactions that are within the scope of IAS 17. The policy choice may be applied separately to finance and operating lease receivables. The simplified approach does not require an entity to track the changes in credit risk, but instead, requires the entity to recognise a loss allowance based on lifetime ECLs at each reporting date, right from origination. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the probability weighted estimated future cash flows discounted at the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss initially been recognised. An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Trade receivables and lease receivables

Trade receivables are impaired using the simplified approach in terms of IFRS 9. Lifetime expected credit losses are recognised using a provision matrix. A provision matrix for each business unit is generated by:

- calculating historical loss ratios for each trade receivable aging bucket; and
- adjusting these historical loss ratios by multiplying the ratio by a forward-looking factor.

The resultant provision matrix provides an adjusted loss ratio for each aging bucket contained in the debtors' age analysis for each business unit. These ratios are applied to the balances in each aging bucket and then accumulated to calculate the impairment allowance for each business unit. Amounts still in a debtors' book relating to invoices dated prior to the historical loss testing period are added to the impairment loss allowance. The Group primarily operates as a market leader in the ownership and management of retail real estate in South Africa and considers that no further segmentation, in addition to the segmentation by business unit, would be beneficial for purposes of calculating the impairment allowance. Impairment losses are recognised through profit or loss. Trade receivables are written off when internal and initial legal collection processes have been exhausted and a judgement is made that the amount is likely not recoverable.

1.9 PROVISIONS

Provisions are recognised when the Group has present legal or constructive obligations arising from past events, from which outflows of economic benefits are probable, and where the amount of the obligations can be reliably estimated.

Where the effect of discounting is material, provisions are discounted. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.10 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

1.11 REVENUE

Property portfolio revenue comprises operating cost recoveries, as well as marketing and parking income, excluding VAT. Income from marketing, promotions and casual parking is recognised when the amounts can be reliably measured. Turnover rentals (variable rentals based on the turnover achieved by a tenant) are included in revenue when the amounts can be reliably measured. Revenues associated with operating expense recoveries are recognised in the period in which the expenses are incurred.

Interest is recognised, in profit and loss, using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

1.12 PROPERTY OPERATING EXPENSES

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Associated costs, such as maintenance and insurance, are expenses as incurred.

1.13 EMPLOYEE BENEFITS

Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.14 INCOME TAX

Deferred tax assets are raised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date in the form of future cash flows using a suitable growth rate.

As the Group has obtained REIT status effective 12 June 2018, the Group is not liable for capital gains tax on the disposal of directly held properties and local REIT securities. In addition, no deferred tax has been provided on movements in the fair value of investment property as no capital gains tax is payable on disposal of properties due to the REIT legislation. Deferred tax has been provided for capital allowances claimed in respect of investment property acquired in terms of the business acquisitions which allowances will be recouped on the disposal of such assets.

1.15 FINANCE COSTS

Finance costs comprise interest payable on borrowings calculated using the effective interest method.

1.16 FINANCE INCOME

Finance income comprises interest received and is recognised as it accrues, taking into account the effective yield on the asset.

1.17 SEGMENTAL REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

There are no secondary segments. The Group's primary segment is based on geographical segments and are determined based on the location of the properties, presented by province.

Segments results include revenue and expenses directly attributable to a segment and the relevant portion of group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

1.18 RELATED PARTIES

Related parties in the case of the Group include any shareholder who is able to exert a significant influence on the operating policies of the Group. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group are also considered to be related parties.

In the case of the Company, related parties would also include subsidiaries.

1.18 EARNINGS PER SHARE

The Group presents basic earnings per share and headline earnings per share for its shares. Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of shares in issue during the year.

Headline earnings per share is calculated by dividing the headline earnings attributable to equity holders by the weighted average number of shares in issue during the year.

There are no dilutionary instruments in issue.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has chosen to early adopt the following standard:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which have impacted the Group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee remeasures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the standalone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the

modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

The effective date of the standard is for years beginning on or after 01 January 2019. The Group has early adopted the standard for the first time in the 2019 group financial statements.

The adoption of this standard has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the Group financial statements, refer to notes 1, 14 and 34.

2.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 March 2019 or later periods:

Prepayment Features with Negative Compensation - Amendment to IFRS 9

The amendment to Appendix B of IFRS 9 specifies that for the purpose of applying paragraphs B4.1.11(b) and B4.1.12(b), irrespective of the event or circumstance that causes the early termination of the contract, a party may pay or receive reasonable compensation for that early termination.

The effective date of the amendment is for years beginning on or after 01 January 2019.

Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment clarifies that if a party participates in, but does not have joint control of, a joint operation and subsequently obtains joint control of the joint operation (which constitutes a business as defined in IFRS 3) that, in such cases, previously held interests in the joint operation are not remeasured.

The effective date of the amendment is for years beginning on or after 01 January 2019.

Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment specifies that the income tax consequences on dividends are recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the events or transactions which generated the distributable reserves.

The effective date of the amendment is for years beginning on or after 01 January 2019.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 01 January 2019.
The Group has adopted the interpretation for the first time in the 2020 financial statements.

It is unlikely that the amendments to the aforementioned standards and interpretations will have a significant impact on the Group's or Company's financial statements.

		28 February 2019 (R)	
		GROUP	COMPANY

3. INVESTMENT PROPERTY

Net carrying value			
Cost		5 109 098 579	3 093 761 142
Fair value adjustment		161 696 795	101 422 493
		5 270 795 374	**3 195 183 635**
Reconciliation of investment property			
Investment properties at the beginning of the period		-	-
Additions		206 205 927	55 908 433
Additions through business acquisitions	36	4 902 892 652	3 037 852 709
Fair value adjustments		161 696 795	101 422 493
Balance at the end of the period		**5 270 795 374**	**3 195 183 635**
Reconciliation to independent valuation			
Investment property as per valuation		5 406 403 826	3 305 003 826
Operating lease assets		(168 350 700)	(125 061 483)
Finance lease liabilities		32 742 248	15 241 292
		5 270 795 374	**3 195 183 635**

Pledged as security

The investment property has been mortgaged in favour of the lenders disclosed in note 12. Furthermore, the Company and its subsidiaries have irrevocably and unconditionally jointly and severally cross-guaranteed each group company's obligations to its lenders.

Details of valuation

The investment properties were valued using the discounted cash flow method. The valuations were performed by Quadrant Properties (Pty) Ltd, external independent qualified property valuers, with recent experience in location and category of the investment property being valued. At the financial year end, market related rental income categorised by building location, type and grade, have been used as inputs to the discounted cash flow model. The discount rates used in determining the fair value of the investment properties range between 13.50% and 15.25%.

The fair value of the investment property has not been adjusted significantly for the purposes of financial reporting, other than for the finance lease liabilities and operating lease assets that are recognised separately in the statement of financial position.

Inter-relationship between key unobservable inputs and fair value measurements:

- expected market rental growth was higher / (lower);
- expected expense growth was lower / (higher);
- vacant periods were shorter / (longer);
- occupancy rate was higher / (lower);
- discount rate was lower / (higher); and
- capitalisation rate was lower / (higher).

The fair value gains and losses are included in the other non-operating gains (losses) in the statement of profit or loss and other comprehensive income, and investment property reconciliation. The fair value of investment property is categorised as a level 3 recurring fair value measurement. For the level 3 reconciliation, refer to the reconciliation of investment property contained within this note.

The effective date of the valuations was 28 February 2019.

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COMPANY

4. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled directly or indirectly by the Company, and the carrying amounts of the investments in the Company's financial statements:

Name of company	**% holding**	**Carrying amount (R)**
Alex Mall (Pty) Ltd	100.00	174 956 260
Maake Plaza (Pty) Ltd	100.00	93 111 200
Mandeni Plaza (Pty) Ltd	50.00	25 881 595
Modi Mall (Pty) Ltd	100.00	69 500 000
Phola Mall (Pty) Ltd	53.00	77 416 382
Theku Plaza (Pty) Ltd	82.50	84 396 835
Tsakane Mall (Pty) Ltd	100.00	354 097 719
		879 359 991

Mandeni Plaza (Pty) Ltd is considered to be a subsidiary of the Company, as control is evidenced by virtue of the Company's power to appoint or remove the majority of the members of the board of directors. The entity has been consolidated accordingly.

All subsidiaries are incorporated and have their principal place of business in South Africa.

	28 February 2019 (R) GROUP	COMPANY

5. PROPERTY, PLANT AND EQUIPMENT

	GROUP	COMPANY
Furniture and fixtures	616 982	335 591
Cost	649 255	335 591
Accumulated depreciation	(32 273)	-
Office equipment	154 100	14 978
Cost	160 080	20 958
Accumulated depreciation	(5 980)	(5 980)
Computer equipment	25 159	25 159
Cost	25 159	25 159
Accumulated depreciation	-	-
	796 241	**375 728**

Reconciliation of property, plant and equipment

	GROUP	COMPANY
Property, plant and equipment at the beginning of the period	-	-
Additions	**346 741**	**381 708**
Furniture and fixtures	161 502	335 591
Office equipment	160 080	20 958
Computer equipment	25 159	25 159
Additions through business acquisitions		
Furniture and fixtures	487 753	-
Depreciation	**(38 253)**	**(5 980)**
Furniture and fixtures	(32 273)	-
Office equipment	(5 980)	(5 980)
Computer equipment	-	-
	796 241	**375 728**

	28 February 2019 (R) GROUP	COMPANY

6. LOANS TO SUBSIDIARIES

	GROUP	COMPANY
ALEX MALL (PTY) LTD		311 606 053
The loan is unsecured, bears interest at 9.5% and is repayable on demand.		
MANDENI PLAZA (PTY) LTD		104 521 742
The loan is unsecured, bears interest at 9.13% and is repayable on demand.		
MODIMALL (PTY) LTD		177 804 318
The loan is unsecured, bears interest at 9.5% and is repayable on demand.		
PHOLA MALL (PTY) LTD		283 039 196
The loan is unsecured, bears interest at 9.13% and is repayable on demand.		
THEKU PLAZA (PTY) LTD		81 490 977
The loan is unsecured, bears interest at 9.13% and is repayable on demand.		
		958 462 286

The credit risk of these loans is considered low considering, inter alia, that the subsidiaries property value and rental yield are expected to remain at or above current levels. Management considers the loans recoverable through the distributions from the relevant subsidiaries. Lifetime expected credit losses were evaluated. A probability weighted risk of default over the lifetime of the loans was applied to exposure at default, which indicated an immaterial expected credit loss and consequently the loans were not impaired.

7. LOANS RECEIVABLE

	GROUP	COMPANY
Employee share scheme	44 400 471	44 400 471

In an endeavour to align the interests of the employees with those of the shareholders, the company provides eligible employees with the opportunity to acquire shares. The share debt in respect of the employee share scheme bears interest from time to time at a rate determined by the directors until repaid in full. Dividends (or other distributions) on the plan shares are to be applied against such interest and the balance thereof credited to the outstanding debt.

	GROUP	COMPANY
Number of shares in issue at the beginning of the year	-	-
Number of shares cancelled or issued during the year	4 255 100	4 255 100
Number of shares in issue at the end of the year	**4 255 100**	**4 255 100**
Number of shares authorised to be issued under the scheme	10 000 000	10 000 000
Number of shares issued under the scheme	(4 255 100)	(4 255 100)
Number of shares available for issue under the scheme at the end of the year	**5 744 900**	**5 744 900**

Should the employee vacate office prior to settlement and the value of the shares falls below the outstanding loan balance, the employee will be obliged to settle the difference.

The credit risk of these loans is considered low considering, inter alia, that the participants have sufficient liquid assets to cover the outstanding amount in full at 28 February 2019. The loans met the practical expedient requirements for low risk financial assets and consequently 12-month expected credit losses were evaluated. A probability weighted risk of default during the next 12 months was applied to exposure at default, which indicated an immaterial expected credit loss and consequently the loan was not impaired.

	28 February 2019 (R)	
	GROUP	COMPANY

8. TRADE AND OTHER RECEIVABLES

Trade receivables	26 895 358	10 384 058
Expected credit loss of trade receivables	(8 867 302)	(6 555 354)
	18 028 056	3 828 704
Deposits	17 078 081	9 100 582
Prepaid premium on interest rate caps and collars	10 658 331	10 658 331
Sundry debtors	-	821 149
Other prepayments	1 946 815	1 595 011
	47 711 283	**26 003 777**

All amounts are short term. The net carrying amount of trade and other receivables is considered a reasonable approximation of fair value.

GROUP						
	Current	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	11.67%	75.00%	90.00%	100.00%	100.00%	32.97%
Gross carrying amount	19 991 136	1 353 280	307 262	322 663	4 921 019	26 895 360
Loss provision	(2 332 125)	(1 014 960)	(276 536)	(322 663)	(4 921 019)	(8 867 302)

COMPANY						
	Current	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	32.57%	75.00%	90.00%	100.00%	100.00%	63,13%
Gross carrying amount	5 265 567	998 775	286 378	317 002	3 516 337	10 384 059
Loss provision	(1 715 193)	(749 081)	(257 740)	(317 002)	(3 516 337)	(6 555 354)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced over the period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors. The Group does not have any non-current trade and other receivables.

	28 February 2019 (R) GROUP	COMPANY

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	95 264	76 478
Bank balances	27 486 063	23 149 162
Tenant deposits	35 271 188	24 673 123
	62 852 515	**47 898 763**
Cash and cash equivalents held by the entity that are not available for use by the Group and the Company	**50 811 256**	**40 213 191**

Restricted cash and cash equivalents held by the entity comprise of tenant deposits and R 15 540 068 held in a back-to-back Nedbank account linked to a guarantee issued to the City of Tshwane.

10. STATED CAPITAL

Authorised		
5 000 000 000 ordinary shares with no par value		
Issued		
305 871 896 ordinary shares with no par value	3 046 814 683	3 046 814 683
Shares to be issued		
13 867 240 ordinary shares to be issued for acquisitions	138 672 402	138 672 402
	3 185 487 085	**3 185 487 085**

Further details relating to the shares issued and shares to be issued are disclosed in note 2 of the Directors' Report.

11. NON-CONTROLLING INTEREST

The non-controlling interest of R 146 119 957 represents 50% of the net asset value of Mandeni, 47% of the net asset value of Phola and 17.5% of the net asset value of Theku at 28 February 2019. The following is summarised financial information for Mandeni, Phola and Theku, prepared in accordance with IFRS, adjusted for fair value adjustments on acquisition and differences in group accounting policies. The information is before intra-company eliminations with other companies in the Group.

	Mandeni Plaza (Pty) Ltd	Phola Mall (Pty) Ltd	Theku Plaza (Pty) Ltd	Total
Extracts from statement of profit and loss and other comprehensive income:				
Revenue excluding straight-line lease income adjustments	17 896 203	42 519 292	20 712 875	81 128 370
Profit after taxation	19 580 294	80 107 383	21 594 746	121 282 423
Attributable to equity holders of Exemplar	13 053 529	54 494 818	18 378 507	85 926 854
Attributable to non-controlling interest	6 526 765	25 612 565	3 216 239	35 355 569
Dividends paid to non-controlling interest during the year	(452 471)	(895 860)	(323 497)	(1 671 828)
Extracts from the statement of financial position:				
Non-Current assets	184 294 258	485 691 474	209 000 000	878 985 732
Current assets	1 268 954	8 259 089	1 801 300	11 329 343
Non-Current liabilities	(12 286 532)	(4 480 703)	(7 668 752)	(24 435 987)
Current liabilities	(109 300 953)	(290 812 510)	(84 486 037)	(484 599 500)
Net assets	63 975 727	198 657 350	118 646 511	381 279 588
Net assets attributable to non-controlling interest	31 987 864	93 368 955	20 763 139	146 119 957
Extracts from the statement of cash flows:				
Cash flows from operating activities	4 529 681	(462 253)	9 472 506	13 539 934
Cash flows from investing activities	-	(3 664 608)	(20 587)	(3 685 195)
Cash flows from financing activities	(5 437 861)	2 178 519	(11 615 430)	(14 874 772)
Net cash flow	(908 180)	(1 948 342)	(2 163 511)	(5 020 033)

12. FINANCIAL LIABILITIES

Held at amortised cost		
ABSA BANK LIMITED	250 000 000	250 000 000
The loan bears interest at a rate of 3 month JIBAR plus 1.90%, with interest-only quarterly instalments. The facility termination date is the 8 July 2023.		
NEDBANK LIMITED	600 000 000	600 000 000
The loan bears interest at a rate of 3 month JIBAR plus 2.20%, with interest-only quarterly instalments. The facility termination date is the 8 July 2023.		
RAND MERCHANT BANK LIMITED	300 000 000	300 000 000
The loan bears interest at a rate of 3 month JIBAR plus 1.59%, with interest-only quarterly instalments. The facility termination date is the 8 July 2021.		
RAND MERCHANT BANK LIMITED	180 000 000	180 000 000
The loan bears interest at a rate of 3 month JIBAR plus 1.88%, with interest-only quarterly instalments. The facility termination date is the 8 July 2022.		
STANDARD BANK SOUTH AFRICA LIMITED	5 000	5 000
The loan is a revolving facility of R200 million and bears interest at the prime lending rate less 1.56%, with interest-only quarterly instalments. The facility termination date is the 8 July 2021.		
STANDARD BANK SOUTH AFRICA LIMITED	120 000 000	120 000 000
The loan bears interest at a rate of 3 month JIBAR plus 1.68%, with interest-only quarterly instalments. The facility termination date is the 8 July 2021.		
STANDARD BANK SOUTH AFRICA LIMITED	250 000 000	250 000 000
The loan bears interest at a rate of 3 month JIBAR plus 1.82%, with interest-only quarterly instalments. The facility termination date is the 8 July 2022.		
	1 700 005 000	1 700 005 000
Prepaid participation fees on facilities	(4 545 552)	(4 545 552)
	1 695 459 448	1 695 459 448

SURETIES

In terms of a Common Terms Agreement, the above facilities are secured by investment properties held by the Company and by its subsidiaries, with a carrying value of R5 242 811 990.

They are further secured by joint and several sureties given by the Company and its subsidiaries in the form of continuing irrevocable and unconditional joint and several guarantees and will extend to the ultimate balance of sums payable. The extent of the guarantees given by Phola Park Shopping Centre (Pty) Ltd, Theku Plaza (Pty) Ltd and Mandeni Plaza (Pty) Ltd are limited to R292 668 311, R88 757 852 and R105 704 160 respectively, plus any interest and costs.

AVAILABLE FACILITIES AND RESIDUAL VALUES

The Company ensures that sufficient unutilised borrowing facilities are available for future commitments and operating requirements.

Total facilities available to the Company at the reporting date amounted to R2 280 000 000, of which R1 700 005 000 had been utilised. The Company's policy is to refinance the residual portion of interest-bearing borrowings as they become due for renewal.

Further details relating to interest-bearing borrowings are disclosed in notes 13 and 35.

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	GROUP	COMPANY

13. DERIVATIVE FINANCIAL INSTRUMENTS

Hedging derivatives		
Interest rate cap and collar derivatives	3 643 042	3 643 042

The Company has entered into the following sequence of cap and collar transactions to hedge its interest rate exposure:

Transaction	Fixed rate payer	Floating rate payer	Cap/Floor rate (3 month JIBAR)	Notional
Interest rate cap	Exemplar	Counterparty	7,25%	R 1 100 000 000
Interest rate cap	Counterparty	Exemplar	8,75%	R 1 100 000 000
Interest rate collar	Exemplar	Counterparty	7,00%	R 1 100 000 000
Interest rate cap	Exemplar	Counterparty	7,25%	R 600 000 000
Interest rate cap	Counterparty	Exemplar	8,00%	R 600 000 000
Interest rate collar	Exemplar	Counterparty	7,00%	R 600 000 000

The Company utilises these derivative financial instruments to hedge all, or a portion, of the interest rate risk associated with its borrowings. The principal objective of such arrangements is to minimise the risks and / or costs associated with the Company's operating and financial structure. These arrangements terminate on 4 October 2021. The Company does not apply hedge accounting in terms of IFRS 9.

The derivative financial instruments were valued by ABSA Bank Limited using the Black-Scholes option valuation methodology. The Company does not intend to utilise derivatives for speculative or other purposes other than interest rate risk management.

Refer to note 34, Risk management for further details.

	28 February 2019 (R) GROUP	COMPANY

14. FINANCE LEASE LIABILITIES

	GROUP	COMPANY
Minimum lease payments due		
- within one year	2 927 512	2 285 446
- in second to fifth year inclusive	12 535 261	9 257 449
- later than five years	500 041 783	261 676 460
	515 504 556	273 219 355
less: future finance charges	(482 762 308)	(257 978 063)
Present value of minimum lease payments	**32 742 248**	**15 241 292**
Present value of minimum lease payments due		
- within one year	2 568 548	1 991 437
- in second to fifth year inclusive	8 132 957	5 881 563
- later than five years	22 040 743	7 368 292
	32 742 248	**15 241 292**
Non-Current liabilities	30 173 700	13 249 855
Current liabilities	2 568 548	1 991 437
	32 742 248	15 241 292

Acornhoek Megacity was developed on land subject to a 30-year notarial lease commencing 1 September 2017, with a 20 year option to renew. The agreement has been treated as a finance lease and has been discounted at a rate of 14.25% per annum.

Diepkloof Square was developed on land subject to a 30-year notarial lease commencing 1 December 2006, with an option to renew for a further three equal periods, totalling 9 years and 11 months. The agreement has been treated as a finance lease and has been discounted at a rate of 14.50% per annum.

Exemplar head office was developed on land subject to a 5-year lease commencing 1 June 2018. The agreement has been treated as a finance lease and has been discounted at a rate of 15.00% per annum.

Maake Plaza was developed on land subject to a 22-year notarial lease commencing 1 September 2006. The agreement has been treated as a finance lease and has been discounted at a rate of 15.00% per annum.

Mandeni Mall was developed on land subject to a 40-year notarial lease commencing 1 April 2012. The agreement has been treated as a finance lease and has been discounted at a rate of 14.50% per annum.

Phola Mall was developed on land subject to a 50-year notarial lease commencing 1 March 2015. The agreement has been treated as a finance lease and has been discounted at a rate of 13.75% per annum.

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15. DEFERRED TAX

	GROUP	COMPANY
Deferred tax liability	94 802 992	63 307 090
Reconciliation of deferred tax (asset) / liability		
Taxable temporary differences on capital allowances acquired	95 903 675	64 327 142
Deductible temporary differences on fair value adjustment on derivative financial instruments	(1 100 683)	(1 020 052)
	94 802 992	**63 307 090**

16. TRADE AND OTHER PAYABLES

	GROUP	COMPANY
Trade payables	44 652 884	31 199 804
Deposits received	31 507 306	20 929 241
Accrued leave pay and bonus	1 010 568	1 010 568
Provisions	830 900	830 900
Accruals	1 208 113	1 184 698
Rates and utilities accrual	59 854 475	11 721 865
Other payables	142 973	1 464 425
Amounts received in advance	13 485 605	8 464 579
Value Added Tax	6 443 835	3 708 684
	159 136 659	**80 514 764**

All amounts are short term. The net carrying amount of trade and other payables is considered a reasonable approximation of fair value.

17. LOANS FROM SUBSIDIARIES

	GROUP	COMPANY
Maake Plaza (Pty) Ltd	-	36 369 957
The loan is unsecured, does not bear interest and has no fixed terms of repayment.		
Tsakane Mall (Pty) Ltd	-	1 370 880
The loan is unsecured, does not bear interest and has no fixed terms of repayment.		
	-	**37 740 837**

	28 February 2019 (R) GROUP	COMPANY

18. RENTAL INCOME AND RECOVERIES

	GROUP	COMPANY
Rental income	352 177 012	214 922 834
Recoveries	152 062 565	95 601 572
Operating lease equalisation	13 191 837	4 754 024
	517 431 414	**315 278 430**

19. PROPERTY OPERATING EXPENSES

	GROUP	COMPANY
Accounting and audit fees	1 506 045	861 395
Bad debts	1 807 781	1 137 030
Bank charges	53 024	37 120
Cleaning expenses	11 814 901	7 068 890
Employee costs	4 583 308	2 662 962
Insurance	1 747 878	1 029 094
General expenses	165 688	113 959
Legal expenses	590 005	541 243
Marketing	3 356 550	1 930 416
Rates and utilities	130 342 848	63 347 760
Rent paid	86 245	(33 614)
Repairs and maintenance	3 377 417	18 978 609
Security expenses	15 086 076	8 756 680
Stationery	112 667	81 988
Telephone and fax	179 294	100 771
Tenant installation amortisation	464 804	247 680
Travel - Local	135 694	106 840
	175 410 225	**106 968 823**

20. OTHER INCOME

	GROUP	COMPANY
Administration and management fees received	8 083 552	12 839 484
Other income	1 198 344	2 345 814
	9 281 896	**15 185 298**

	28 February 2019 (R) GROUP	COMPANY

21. OPERATING PROFIT

Operating profit for the period is stated after charging the following, amongst others:

	GROUP	COMPANY
Employee costs		
Salaries, wages, bonuses and other benefits	17 087 479	17 087 479
Depreciation and amortisation		
Depreciation of property, plant and equipment	38 253	5 980

22. INVESTMENT INCOME

	GROUP	COMPANY
Dividend income		
Group companies:		
Subsidiaries - Local	-	2 987 753
Interest income		
Investments in financial assets:		
Bank and other cash	2 599 317	1 872 303
Employee share scheme	2 662 195	2 662 195
Other financial assets	506 736	349 337
	5 768 248	4 883 835
Loans to group companies:		
Subsidiaries	-	58 070 074
Total interest income	**5 768 248**	**62 953 909**
Total investment income	**5 768 248**	**65 941 662**

	28 February 2019 (R) GROUP	COMPANY

23. FINANCE COSTS

	GROUP	COMPANY
Non-Current borrowings	118 722 103	109 360 270
Amortisation of participation fees on facilities	1 944 173	1 944 173
Other interest paid	3 523 105	2 445 658
Total finance costs	**124 189 381**	**113 750 101**

24. TAXATION

Major components of the tax income

	GROUP	COMPANY
Deferred		
Reversing temporary difference on fair value adjustment on derivative financial instruments	1 100 683	1 020 052

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	GROUP	COMPANY
Applicable tax rate	(28.00)%	(28.00)%
Permanent difference on tax deductible REIT dividend (s25BB qualifying deduction)	28.00%	28.00%
Movement on fair value adjustment on derivative financial instruments	0.30%	0.40%
	0.30%	**0.40%**

		28 February 2019 (R)	
		GROUP	COMPANY

25. CASH GENERATED FROM OPERATIONS

Profit before taxation		370 191 570	252 754 056
Adjustments for:			
Depreciation and amortisation		38 253	5 980
Dividend income		-	(2 987 753)
Interest income		(5 768 248)	(62 953 909)
Finance costs		124 189 381	113 750 101
Fair value gains on investment property		(161 696 795)	(101 422 493)
Movement in finance lease liabilities		13 271 387	12 464 972
Movement in lease equalisation		(13 191 837)	(4 754 024)
Fair value losses on derivative financial instruments		3 643 042	3 643 042
Changes in working capital:			
Trade and other receivables		(25 492 125)	(12 949 457)
Trade and other payables		(1 012 381)	(46 601 348)
		304 172 247	**150 949 167**

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Balance at beginning of year		-	-
On acquisition of liabilities on formation of group		1 850 918 972	838 726 080
(Decrease) / increase in financial liabilities		(150 913 972)	861 278 920
Proceeds from financial liabilities		161 267 445	1 173 460 337
Repayment of financial liabilities		(312 181 417)	(312 181 417)
Balance at end of year	12	**1 700 005 000**	**1 700 005 000**

27. DIVIDENDS PAID

Shareholders of Exemplar		(58 421 532)	(58 421 532)
Non-controlling interest		(1 671 828)	-
		(60 093 360)	**(58 421 532)**

Dividends paid are from operating profits.

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28. EARNINGS AND HEADLINE EARNINGS

Reconciliation of basic earnings to headline earnings

Profit for the year attributable to equity holders of Exemplar	335 936 684
Fair value adjustment to investment properties	(161 696 795)
Non-controlling interest in fair value adjustment to investment properties	27 338 160
Headline earnings	**201 578 049**
Number of shares in issue	305 871 896
Weighted average number of shares in issue	233 247 311
Basic and diluted earnings per share (cents)	144.03
Headline and diluted headline earnings per share (cents)	86.42

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29. COMMITMENTS

Authorised capital expenditure

The Group has committed to acquire two new developments, being Katale Square and Mabopane Square, from their respective vendors, subject to them being developed to the agreed specification and within certain agreed time frames. The acquisitions will be financed by available bank facilities and shares in the Company.

Investment property	Cash component (R)	Number of shares to be issued
Katale Square	95 820 000	1 418 000
Mabopane Square	132 392 700	3 189 422

30. DIRECTORS' EMOLUMENTS

Executive	Emoluments	Total
Church, DA		
Salary	2 250 000	2 250 000
McCormick, J (Jason)		
Salary	2 250 000	2 250 000
McCormick, J (John)		
Salary	2 250 000	2 250 000
	6 750 000	**6 750 000**

Non-executive	Directors' fees	Total
Azzopardi, GVC	337 500	337 500
Berkeley, FM	450 000	450 000
Katzenellenbogen, PJ	337 500	337 500
Maponya, EP	337 500	337 500
	1 462 500	**1 462 500**

	28 February 2019 (R) GROUP	COMPANY

31. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 4
Shareholder with significant influence	John McCormick Family Trust

	GROUP	COMPANY
RELATED PARTY BALANCES		
Loan accounts - Owing (to) by related parties		
Alex Mall (Pty) Ltd	-	311 606 053
Maake Plaza (Pty) Ltd	-	(36 369 957)
Mandeni Plaza (Pty) Ltd	-	104 521 741
Modi Mall (Pty) Ltd	-	177 804 318
Phola Mall (Pty) Ltd	-	283 039 226
Theku Plaza (Pty) Ltd	-	81 490 977
Tsakane Mall (Pty) Ltd	-	(1 370 880)
RELATED PARTY TRANSACTIONS		
Interest received from related parties		
Alex Mall (Pty) Ltd	-	19 296 131
Mandeni Plaza (Pty) Ltd	-	6 480 111
Modi Mall (Pty) Ltd	-	11 163 717
Phola Mall (Pty) Ltd	-	16 464 105
Theku Plaza (Pty) Ltd	-	4 666 010
Leasing fees received from related parties		
Alex Mall (Pty) Ltd	-	561 310
Maake Plaza (Pty) Ltd	-	74 746
Mandeni Plaza (Pty) Ltd	-	116 587
Modi Mall (Pty) Ltd	-	42 656
Phola Mall (Pty) Ltd	-	100 249
Theku Plaza (Pty) Ltd	-	225 385
Tsakane Mall (Pty) Ltd	-	27 336
Management fees received from related parties		
Alex Mall (Pty) Ltd	-	1 069 801
Maake Plaza (Pty) Ltd	-	571 756
Mandeni Plaza (Pty) Ltd	-	438 924
Modi Mall (Pty) Ltd	-	643 686
Phola Mall (Pty) Ltd	-	1 074 863
Theku Plaza (Pty) Ltd	-	519 310
Tsakane Mall (Pty) Ltd	-	1 675 640
Dividends received from related parties		
Mandeni Plaza (Pty) Ltd	-	452 471
Phola Mall (Pty) Ltd	-	1 010 225
Theku Plaza (Pty) Ltd	-	1 525 057
RENT AND OPERATING COSTS PAID TO RELATED PARTIES		
John McCormick Family Trust	1 118 894	1 118 894

	28 February 2019 (R) GROUP	COMPANY

32. COMPARATIVE FIGURES

No comparative figures have been presented as these are the first financial statements of the Group.

33. MINIMUM LEASE PAYMENTS RECEIVABLE

Minimum lease payments comprise contractual rental income from investment properties and operating recoveries due in terms of signed lease agreements.

	GROUP	COMPANY
Receivable within one year	643 093 865	414 985 871
Receivable two to five years	1 518 388 231	889 607 308
Receivable beyond five years	434 235 982	267 552 328
	2 595 718 078	**1 572 145 507**

The Group leases a number retail properties under operating leases. Leases typically run for an average period of three to ten years, with an applicable escalation rate ranging between 5 to 8%.

34. RISK MANAGEMENT

Categories of financial instruments		GROUP		
		Fair value through profit or loss - Held for trading	**Amortised cost**	**Total**
Categories of financial assets				
Loans receivable	7	-	44 400 471	44 400 471
Trade and other receivables	8	-	18 028 056	18 028 056
Cash and cash equivalents	9	-	62 852 515	62 852 515
		-	**125 281 042**	**125 281 042**
Categories of financial liabilities				
Trade and other payables	16	-	105 858 445	105 858 445
Financial liabilities	12	-	1 700 005 000	1 700 005 000
Derivatives financial instruments	13	3 643 042	-	3 643 042
		3 643 042	1 805 863 445	1 809 506 487

Categories of financial instruments		COMPANY		
Categories of financial assets				
Loans receivable	7	-	44 400 471	44 400 471
Trade and other receivables	8	-	4 649 853	4 649 853
Cash and cash equivalents	9	-	47 989 763	47 989 763
		-	97 040 087	97 040 087
Categories of financial liabilities				
Trade and other payables	16	-	45 570 792	45 570 792
Financial liabilities	12	-	1 700 005 000	1 700 005 000
Derivatives financial instruments	13	3 643 042	-	3 643 042
		3 643 042	1 745 575 792	1 749 218 834

Pre-tax gains and losses on financial instruments		GROUP		
Gains and losses on financial assets				
Interest income	22	-	5 768 248	5 768 248
Gains and losses on financial liabilities				
Finance costs	23	-	(124 189 381)	(124 189 381)
Loss on fair value of derivative financial instruments		(3 643 042)	-	(3 643 042)
		(3 643 042)	(124 189 381)	(127 832 423)

		COMPANY		
Gains and losses on financial assets				
Interest income	22	-	65 941 662	65 941 662
Gains and losses on financial liabilities				
Finance costs	23	-	(113 750 101)	(113 750 101)
Loss on fair value of derivative financial instruments		(3 643 042)	-	(3 643 042)
		(3 643 042)	(113 750 101)	(117 393 143)

CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, as well as maintain an optimal capital structure to reduce cost of capital.

The Group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 9, cash and cash equivalents disclosed in notes 7, and equity as disclosed in the statement of financial position.

		28 February 2019 (R)	
	Notes	GROUP	COMPANY
Loans from subsidiaries	17	-	37 740 837
Financial liabilities	12	1 700 005 000	1 700 005 000
Finance lease liabilities	14	32 742 248	15 241 292
Trade and other payables	16	105 858 445	45 570 792
Total borrowings		1 838 605 693	1 798 557 921
Cash and cash equivalents	9	(62 852 515)	(47 898 763)
Net borrowings		**1 775 753 178**	**1 750 659 158**

Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- interest rate risk.

The Group's management policies are designed to ensure that there is an acceptable level of risk within the Group as a whole.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on loans receivable, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables and lease receivables;
- debt investments carried at amortised cost; and
- debt investments carried at FVOCI.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The lease receivable assets relate to straight-lining of leases and have substantially the same risk characteristics as the trade receivables for the same types of leases. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the lease receivables.

The expected loss rates are based on the payment profiles of sales over a period of 9 month before 28 February 2019 or 1 June 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 28 February 2019 and 1 June 2018 (on adoption of IFRS9) was determined as follows for both trade receivables and lease receivables.

Financial assets exposed to credit risk at year end were as follows:

		GROUP		
	Notes	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans receivable	7	44 400 471	-	44 400 471
Operating lease asset		168 350 700	-	168 350 700
Trade and other receivables	8	26 895 358	(8 867 302)	18 028 056
Cash and cash equivalents	9	62 852 515	-	62 852 515
		302 499 044	(8 867 302)	293 631 742

		COMPANY		
Loans receivable	7	44 400 471	-	44 400 471
Operating lease asset		125 061 483	-	125 061 483
Trade and other receivables	8	11 205 207	(6 555 354)	4 649 853
Cash and cash equivalents	9	47 898 763	-	47 898 763
		228 565 924	(6 555 354)	222 010 570

Liquidity risk

The Group is exposed to liquidity risk as a result of the funds available to cover future commitments, as reflected in the table below, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long- and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and the Company manages liquidity risk through an ongoing review of commitments and credit facilities. Cash flow forecasts and budgets are prepared and adequate utilised borrowing facilities, disclosed in notes 9 and 12, are monitored.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2019

		GROUP			
	Notes	**Less than 1 year**	**2 to 5 years**	**Over 5 years**	**Total**
Non-Current liabilities					
Financial liabilities	12	-	1 700 005 000	-	1 700 005 000
Derivative financial instruments	13	3 643 042	-	-	3 643 042
Finance lease liabilities	14	2 927 512	12 535 261	500 043 079	515 505 852
Current liabilities					
Trade and other payables	16	105 858 445	-	-	105 858 445
		112 428 999	**1 712 540 261**	**500 043 079**	**2 325 012 339**

		COMPANY			
Non-Current liabilities					
Financial liabilities	12	-	1 700 005 000	-	1 700 005 000
Derivative financial instruments	13	3 643 042	-	-	3 643 042
Finance lease liabilities	14	2 285 446	9 257 449	261 676 459	273 219 354
Current liabilities					
Trade and other payables	16	45 570 792	-	-	45 570 792
Loans from subsidiaries	17	37 740 837	-	-	37 740 837
		89 240 117	1 709 262 449	261 676 459	2 060 179 025

Fair value hierarchy for financial instruments and investment property

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. IFRS 13 requires that an entity disclose for each class of financial instrument and investment property measured at fair value, the level of fair value hierarchy into which the fair value measurements are categorised in their entirety.

The fair value hierarchy has the following levels:

Level 1 – fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3 – fair value is determined through the use of valuation techniques using significant inputs (refer to note 3 for assumptions applied to valuation of investment property).

		GROUP			
	Notes	**Fair value (R)**	**Level 1 (R)**	**Level 2 (R)**	**Level 3 (R)**
Assets					
Investment properties	3	5 406 403 826	-	-	5 406 403 826
Liabilities					
Derivative financial instruments	13	3 643 042	-	3 643 042	-

		COMPANY			
Assets					
Investment properties	3	3 305 003 826	-	-	3 305 003 826
Liabilities					
Derivative financial instruments	13	3 643 042	-	3 643 042	-

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The Group's interest rate risk arises primarily from long-term borrowings, which bear interest at various interest rates linked to 3 month JIBAR. The Company's weighted average cost of borrowing is 3 month JIBAR plus 1.86%, excluding the amortisation of hedging costs and participation fees. The Company strategy is well-managed and monitored, and it has entered into a sequence of collar and cap transactions to hedge its interest rate exposure, with the arrangements terminating on 4 October 2021 as disclosed in note 10. Furthermore, monitoring of international and local economic climate and aligning development and hedging strategy with views of future rate movements mitigates the risk.

Due to the hedging strategy implemented, a 1% increase in the effective interest rate applicable to interest-bearing borrowings, will not result in an increase in finance charges as the Group's exposure is effectively limited by the various caps and collars arrangements entered into.

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35. ACQUISITION OF ASSETS AND LIABILITIES ON FORMATION OF GROUP

Effective 1 June 2018 Exemplar REITail acquired shares and shareholders' claims in the following entities in terms of section 42 of the Income Tax Act, No 58 of 1962.

Management assessed the shares and shareholders' claims acquired and has concluded that in its view that all acquisitions are subsidiary acquisitioned are dealt with under IAS 27 – Separate Financial Statements, IFRS 10 – Consolidated Financial Statements and IFRS 12 – Disclosure of Interests in Other Entities, and are therefore accounted for in terms of those standards. These entities did not constitute a business as defined in terms of IFRS 3 – Business Combinations, as there were no adequate processes identified within these entities to warrant classification as businesses.

Entities	**Interest acquired**
	%
Acornhoek Plaza Share Block (Pty) Ltd	43,98
Alex Mall (Pty) Ltd	100,00
Maake Plaza (Pty) Ltd	100,00
Mandeni Plaza (Pty) Ltd	50,00
Modi Mall (Pty) Ltd	100,00
Phola Mall (Pty) Ltd	53,00
Theku Plaza (Pty) Ltd	82,50
Tsakane Mall (Pty) Ltd	100,00

Effective 1 June 2018 Exemplar REITail acquired the following property letting businesses in terms of section 42 of the Income Tax Act, No 58 of 1962.

Management assessed the properties acquired and has concluded that in its view that all acquisitions are property acquisitions in terms of IAS 40 – Investment Property and are therefore accounted for in terms of that standard. These properties did not constitute a business as defined in terms of IFRS 3 – Business Combinations, as there were no adequate processes identified within these properties to warrant classification as businesses.

Properties	Interest acquired
	%
Atteridge Stadium Centre	100,00
Blouberg Mall	100,00
Chris Hani Crossing	100,00
Diepkloof Plaza	100,00
Edendale Mall	100,00
Emoyeni Regional Mall	100,00
Jane Furse Plaza	29,83
Kwagga Mall	43,51
Lusiki Plaza	100,00
Modjadji Plaza	70,00
Olievenhout Plaza	100,00
Thorntree Shopping Centre	100,00

Assets and liabilities arising from the acquisitions are as follows:

Assets	(R)
Investment property	4 902 892 652
Operating lease asset	155 158 863
Property, plant and equipment	487 855
Loans receivable	38 023 994
Cash and cash equivalents	124 963 886
Trade and other receivables	22 219 258
Liabilities	
Financial liabilities	(1 850 918 972)
Deferred tax	(95 903 675)
Trade and other payables	(182 112 861)
Fair value of net assets acquired	3 114 811 000
Non-controlling interest	(112 436 217)
Fair value of Exemplar REITail's share of net assets acquired	3 002 374 783
Cash and cash equivalents acquired	124 963 886

The entities and businesses were acquired through the issue of 297 431 896 shares in Exemplar REITail Limited.

36. JOINT OPERATIONS

When a group entity transacts with its joint operation, profits and losses resulting from the transactions with the joint operation are recognised in the Group's consolidated annual financial statements only to the extent of interests in the joint operation entity that are not related to the Group.

When a group entity undertakes its activities under joint operations, the Group, as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

In the separate annual financial statements of the Company, interests in joint operations are accounted for in the same manner.

Joint operations comprise the following properties:

	%
Acornhoek Megacity	43,98
Chris Hani Crossing	50,00
Jane Furse Plaza	29,83
Kwagga Mall	43,51
Maake Plaza	30,00
Modjadji Plaza	70,00
Tsakane Mall	50,00

Exemplar's share of profit and loss and net assets:

Statement of profit or loss and other comprehensive income

Property portfolio	137 490 277
Rental income and recoveries	137 078 971
Straight-line lease income adjustments	411 306
Property operating expenses	(37 327 974)
Profit from operations	100 162 303
Fair value adjustment to investment properties	54 195 848
Profit before taxation	154 358 151

Statement of financial position	
Opening fair value of property assets	-
Purchase consideration	1 517 425 718
Additions	115 618 917
Fair value adjustment	54 195 848
Finance lease liability	(247 964)
Operating lease asset	411 306
Closing fair value of property assets	1 687 403 825
Property, plant and equipment	14 978
Current assets	24 920 279
Total assets	1 712 339 082
Equity	1 786 890 768
Deferred taxation	(46 050 944)
Finance lease liabilities	(3 749 530)
Current liabilities	(24 751 212)
Total equity and liabilities	1 712 339 082

All joint operations have their principal place of business in South Africa and their nature of activities are the ownership and management of retail real estate in South Africa.

37 CONTINGENCIES

A claim has been made against Acornhoek Plaza Share Block (Pty) Ltd by a competing developer. Acornhoek Plaza Share Block (Pty) Ltd's attorneys are defending the matter. The matter is still in progress, although pleadings have now closed and a special plea of prescription has been taken. The attorneys are of the view that the prospects of successfully defending the matter, especially on the basis that the claim has prescribed, are reasonably good.

38. SEGMENT ANALYSIS

The Group identifies and presents operating segments based on the information that is provided internally to the Group's management and internal reporting structure which will be determined by the Group's executive committee. The Group's management reviews the performance of its investment properties held by the Group on an individual basis and due to the entire portfolio being retail, has taken a decision to aggregate operating segments and disclose such reportable segments on a geographical basis, initially:

- Gauteng;
- Mpumalanga;
- KwaZulu-Natal;
- Limpopo; and
- Eastern Cape.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

	GLA m²	Investment property fair value (R)	Revenue (R)	Straight line lease income adjustments (R)	Property operating expenses (R)	Change in fair values (R)	Net income (R)
Gauteng	124 103	2 399 000 000	214 510 030	6 016 306	(70 917 849)	81 359 498	230 967 725
Mpumalanga	81 136	1 298 825 326	114 367 035	6 829 571	(37 365 938)	32 400 313	116 230 980
KwaZulu Natal	59 135	753 000 000	81 146 752	(140 621)	(31 881 800)	15 734 714	64 859 045
Limpopo	53 417	778 578 500	77 172 121	275 078	(28 073 662)	31 734 842	81 108 379
Eastern Cape	13 597	177 000 000	17 043 638	211 503	(7 170 976)	467 428	10 551 593
	331 388	5 406 403 826	504 239 576	13 191 837	(175 410 225)	161 696 795	
Net property income							503 717 722
Other income							9 281 896
Administrative expenses and corporate costs							(20 744 135)
Interest income							5 768 248
Finance costs							(124 189 381)
Fair value adjustment to derivative financial instruments							(3 643 042)
Taxation							1 100 683
Total comprehensive income							**371 291 991**
Distributable earnings adjustments:							
Attributable to non-controlling interests							(35 355 568)
Fair value adjustment to investment properties							(161 696 795)
Non-controlling interest in fair value adjustment to investment properties							27 338 160
Straight-line lease income adjustments							(13 191 837)
Non-controlling interest in straight-line lease income adjustments							1 510 651
Fair value adjustment to derivative financial instruments							3 643 042
Deferred tax movement							(1 100 683)
Antecedent adjustment							2 649 954
Distributable income							**195 088 915**
Distributable income per share (cents)							61.84
Distributable income for the year							195 088 915
Interim dividend paid							(58 421 532)
Dividend per share (cents)							19,10
Number of shares							305 871 896
Final dividend							136 667 383
Dividend per share (cents)							42,74
Number of shares							319 739 136
Dividend per share for the 9 months (cents)							**61.84**

We have always seen property investment as one with a longer-term focus towards real and sustainable value creation.

CHAPTER 5

SHAREHOLDER INFORMATION

Phola Mall | KwaMhlanga

SHAREHOLDER ANALYSIS

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 22 FEBRUARY 2019

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 - 1000 shares	19	21.35	6 956	0.00
1001 - 10 000 shares	12	13.48	49 620	0.02
10 001 - 100 000 shares	27	30.34	1 075 000	0.35
100 001 - 1000 000 shares	12	13.48	4 613 434	1.51
Over 1000 000 shares	19	21.35	300 126 886	98.12
Total	**89**	**100.00**	**305 871 896**	**100.00**
Distribution of shareholders				
Individuals	63	70.79	5 248 374	1.72
Private companies	17	19.10	290 242 345	94.89
Trusts	9	10.11	10 381 177	3.39
Total	**89**	**100.00**	**305 871 896**	**100.00**
Shareholder type				
Non-public shareholders				
Directors and associates of the Company	8	8.79	237 788 854	77.74
Share scheme	33	36.26	4 255 100	1.39
Public shareholders	50	54.95	63 827 942	20.87
Total	**91***	**100.00**	**305 871 896**	**100.00**

Shareholders holding 3% or more		
McCormick Property Development (Pty) Ltd	180 350 377	58.96
Thorntree Shopping Centre (Pty) Ltd	24 006 372	7.85
Edendale Mall (Pty) Ltd	16 445 441	5.38
Diepkloof Plaza (Pty) Ltd	16 440 379	5.37
Blouberg Mall (Pty) Ltd	14 557 154	4.76
Olievenhout Plaza (Pty) Ltd	12 810 228	4.19
Total	**264 609 951**	**86.51**

**Note that two shareholders hold shares under the share scheme and either under directors and associates of the Company or under public shareholders*

SHAREHOLDER DIARY

IMPORTANT DATES AND TIMES

RECORD DATE FOR RECEIPT OF NOTICE PURPOSES
Friday, 7 June 2019

POSTING DATE
Tuesday, 18 June 2019

LAST DAY TO TRADE IN ORDER TO BE ELIGIBLE TO VOTE
Tuesday, 2 July 2019

RECORD DATE FOR VOTING PURPOSES
Friday, 5 July 2019

FOR ADMINISTRATION PURPOSES,
FORMS OF PROXY TO BE LODGED BY 12H00 ON
Friday, 12 July 2019

AGM TO BE HELD AT 12H00 ON
Tuesday, 16 July 2019

RESULTS OF AGM RELEASED ON SENS
Tuesday, 16 July 2019

NOTICE OF ANNUAL GENERAL MEETING

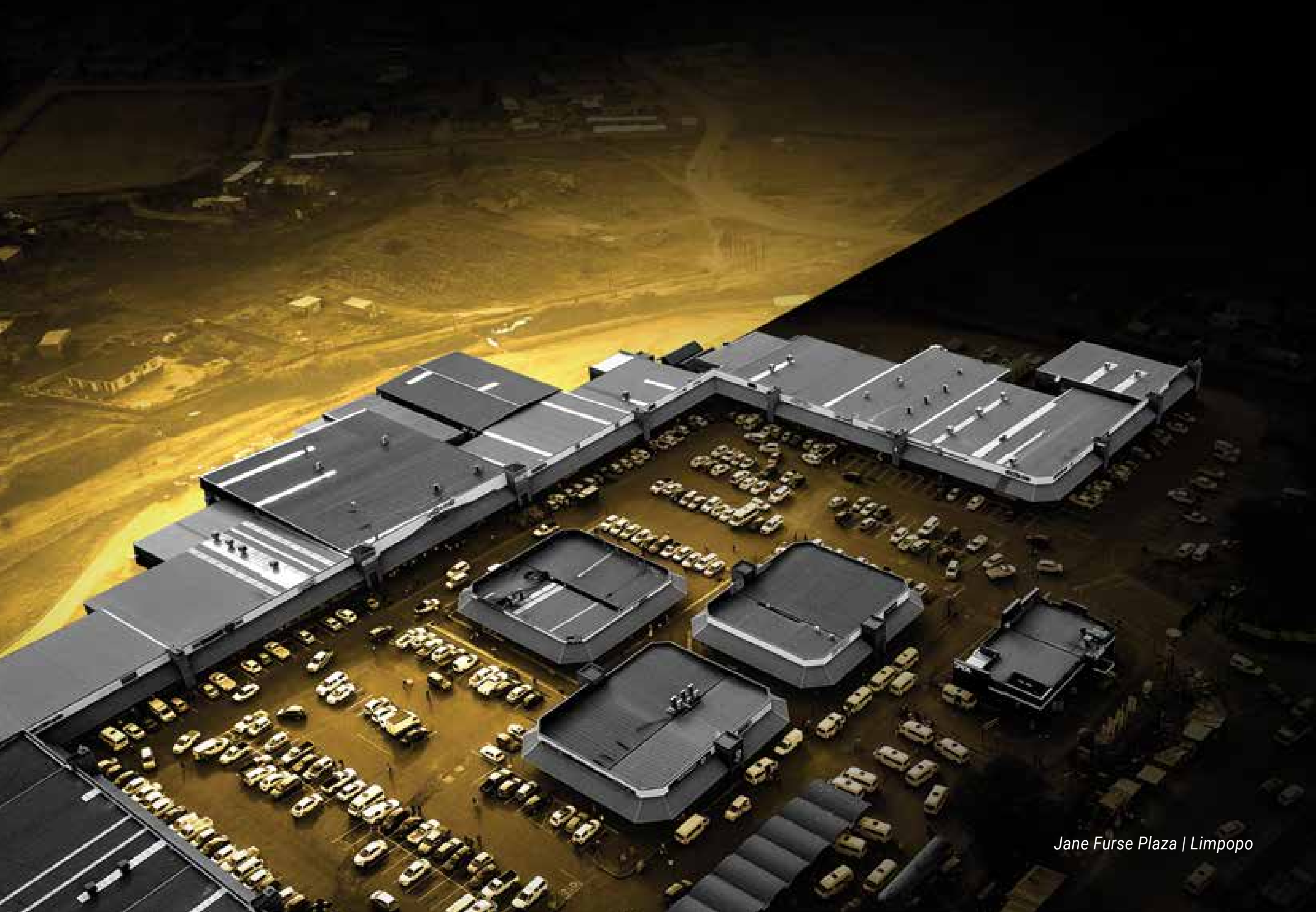
Notice is hereby given that the AGM of shareholders of Exemplar will be held at the Company's registered office, Sokatumi Estate, cnr Lyttelton Road & Leyden Avenue, Clubview, Centurion, on Tuesday, 16 July 2019 at 12h00, for the purpose of:

- considering and adopting the directors' report, the AFS, the Audit and Risk Committee report and the Social and Ethics Committee report for the year ended 28 February 2019 contained in the IAR to which this notice of AGM is attached;
- transacting any other business as may be transacted at an AGM of shareholders of a company, including the re-appointment of the auditors and re-election of retiring directors; and
- considering and, if deemed fit, adopting with or without modification, the resolutions set out below.

If you are in doubt as to what action you should take arising from the following resolutions, please consult your CSDP, stockbroker, banker, attorney, accountant or other professional advisor immediately.

EXEMPLAR

Exemplar REITail Limited
(Incorporated in the Republic of South Africa)
Registration number 2018/022591/06
Approved as a REIT by the JSE
JSE share code: EXP
ISIN: ZAE000257549
("Exemplar" or the "Company")



Jane Furse Plaza | Limpopo

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1:
ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"Resolved that the AFS of the Company for the year ended 28 February 2019, including the directors' report, auditor's report, the Audit and Risk Committee report and the Social and Ethics Committee report be and are hereby received and adopted."

In order for ordinary resolution 1 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION 2:
RE-ELECTION OF DIRECTORS

"Resolved that the following directors who retire and who, being eligible, offer themselves for re-election, be re-elected as directors of the Company, each by way of a separate vote:

2.1 Jason McCormick;
2.2 John McCormick;
2.3 Duncan A Church;
2.4 Frank M Berkeley;
2.5 Gregory VC Azzopardi;
2.6 Elias P Maponya; and
2.7 Peter J Katzenellenbogen."

The abbreviated curriculum vitae of the aforementioned directors is available on pages 20 to 23 of the IAR of which this notice forms part.

The board has considered the performance and contribution to the Company of each of the aforementioned directors and recommends that each of the directors is re-elected as a director of the Company.

In order for ordinary resolutions 2.1 to 2.7 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION 3:
RE-APPOINTMENT OF EXTERNAL AUDITOR

"Resolved that BDO South Africa Inc, together with Garron Chaitowitz as the engagement audit partner, be and are hereby re-appointed as the external auditor of the Company from the conclusion of this AGM."

The Audit and Risk Committee has recommended BDO South Africa Inc for re-appointment as independent auditor of the Company, pursuant to section 90(2)(c) of the Companies Act, and further confirms that their appointment, together with the engagement audit partner, Garron Chaitowitz, is in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements.

In order for ordinary resolution 3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION 4:
RE-APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

"Resolved that the members of the Company's Audit and Risk Committee set out below be and are hereby re-appointed, each by way of a separate vote, with effect from the end of this AGM, in terms of section 94(2) of the Companies Act:

4.1 Peter J Katzenellenbogen;
4.2 Frank M Berkeley; and
4.3 Elias P Maponya,

all of whom are independent non-executive directors."

The abbreviated curriculum vitae of each of the Audit and Risk Committee members is available on pages 22 to 23 of the IAR of which this notice forms part.

In order for ordinary resolutions 4.1 – 4.3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION 5: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Companies Act, the JSE Listings Requirements, and the Company's memorandum of incorporation, the directors of the Company be and are hereby authorised, until this authority lapses at the next AGM or 15 months from the date on which this resolution is passed, whichever is the earlier date, to allot and issue shares of the Company for cash, on the basis that:

a the allotment and issue of shares must be made to persons qualifying as public shareholders and not to related parties, as defined in the JSE Listings Requirements;

b the shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

c the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 31 973 913 shares, being 10% of the Company's issued shares as at the date of notice of this AGM. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 31 973 913 shares the Company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;

d In the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;

e the maximum discount at which the shares may be issued is 10% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares; and

f after the Company has issued shares for cash which represent, on a cumulative basis, within the period that this authority is valid, 5% or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average trade price of the shares over the 30 days prior to the date that the issue is agreed in writing and an explanation, including supporting documentation (if any), of the intended use of the funds."

In terms of the JSE Listings Requirements, in order for ordinary resolution 5 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION 6: SPECIFIC AUTHORITY TO ISSUE SHARES PERSUANT TO A REINVESTMENT OPTION

"Resolved that, subject to the provisions of the Companies Act, the Company's memorandum of incorporation and the JSE Listings Requirements, and in addition to the authority granted to the directors pursuant to ordinary resolution 5, the directors be and are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value, as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their distributions in new shares of the Company pursuant to a reinvestment option."

In order for ordinary resolution 6 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION 7: AUTHORISATION TO SIGN DOCUMENTS

"Resolved that any executive director and/or the company secretary of the Company be and is hereby authorised to sign all such documents and do all such things as may be necessary or incidental to the implementation of ordinary resolutions 1 to 6, the non-binding advisory resolutions 1 to 2, and special resolutions 1 to 3, which are passed by the shareholders in accordance with and subject to the terms thereof."

In order for ordinary resolution 7 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

NON-BINDING ADVISORY RESOLUTIONS

NON-BINDING ADVISORY RESOLUTION 1:
APPROVAL OF REMUNERATION POLICY

"Resolved that, by way of a non-binding advisory vote, the Company's remuneration policy, a summary of which has been presented to shareholders in the Company's IAR on pages 61 - 62, be and is hereby approved."

NON-BINDING ADVISORY RESOLUTION 2:
APPROVAL OF REMUNERATION IMPLEMENTATION REPORT

"Resolved that, by way of a non-binding advisory vote, the Company's remuneration implementation report, which has been presented to shareholders in the Company's IAR on page 63, be and is hereby approved."

In line with King IV and the JSE Listings Requirements, the remuneration policy and the remuneration implementation report must be tabled at each AGM, with both subject to separate non-binding advisory votes. This allows shareholders to express their views on the Company's remuneration structures and policies.

In the event that either the remuneration policy or the remuneration implementation report, or both, are voted against by 25% or more of the voting rights exercised by shareholders, the board is committed to actively engage with shareholders in order to address all legitimate and reasonable objections and concerns.

SPECIAL RESOLUTIONS

SPECIAL RESOLUTION 1:
APPROVAL OF FEES PAYABLE TO NON-EXECUTIVE DIRECTORS

"Resolved, as a special resolution in terms of section 66(9) of the Companies Act, as read with section 65(11)(h), and subject to the provisions of the Company's memorandum of incorporation, that the Company be and is hereby authorised to pay remuneration to its non-executive directors for their service as directors for the period of two years from the passing of this resolution or until its renewal, whichever is the earlier date, as detailed in the following table. The proposed remuneration excludes value added tax (VAT), which will be added by the directors in accordance with current VAT legislation, where applicable."

	FEES FOR FY2019	PROPOSED FEES FOR FY2020
Chair of the board	R450 000	R420 000
Non-executive member of the board	R337 500	R315 000

The above rates have been proposed to ensure that the remuneration of non-executive directors remains competitive, in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Company. The remuneration proposed is considered to be both fair and reasonable and in the best interests of the Company.

In order for special resolution 1 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass those resolutions.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 1

The reason for special resolution 1 is to obtain shareholder approval by way of special resolution in accordance with section 66(9) of the Companies Act for the payment by the Company of remuneration to each of the non-executive directors of the Company for each non-executive director's services as a non-executive director in the amounts set out under special resolution 1.

SPECIAL RESOLUTION 2: GENERAL AUTHORITY TO REPURCHASE SHARES

"Resolved, as a special resolution that, subject to the Companies Act, the JSE Listings Requirements and the restrictions set out below, the Company or any subsidiary of the Company, be and are hereby authorised by way of a general authority to acquire, from time to time, the ordinary shares issued by the Company, in terms of sections 46 and 48 of the Companies Act, and provided that:

a any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement;
b this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
c the Company (or any subsidiary) is duly authorised by its memorandum of incorporation to do so;
d acquisitions of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the Company's issued ordinary share capital as at the date of passing this special resolution;
e in determining the price at which shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% above the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares;
f at any point in time the Company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;
g repurchases may not take place during a prohibited period as contemplated in the JSE Listings Requirements, unless a repurchase programme is in place, where the dates and quantities of shares to be repurchased during the prohibited period are fixed, and full details of the programme has been submitted to the JSE in writing prior to commencement of the prohibited period;
h an announcement will be published as soon as the Company or any of its subsidiaries have acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the granting of the repurchase authority and pursuant to which the aforesaid threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such repurchases; and
i the board of directors of the Company must resolve that the repurchase is authorised, the Company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the Group."

In accordance with the JSE Listings Requirements, the directors record that although there is no immediate intention to effect a repurchase of the shares of the Company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action.

The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the general authority, for a period of 12 months after the date of notice of this AGM:

a the Company and the Group will, in the ordinary course of business, be able to pay its debts;
b the consolidated assets of the Company and the Group fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the Company and the Group fairly valued in accordance with International Financial Reporting Standards; and
c the Company's and the Group's share capital, reserves and working capital will be adequate for ordinary business purposes.

In order for special resolution 2 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass those resolutions.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 2

The reason for special resolution 2 is to afford the directors of the Company (or a subsidiary of the Company) general authority to effect a repurchase of the Company's shares on the JSE. The effect of the resolution will be that the directors will have the authority, subject to the JSE Listings Requirements and the Companies Act, to effect repurchases of the Company's shares on the JSE.

ADDITIONAL INFORMATION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

For purposes of this general authority, the following additional information, some of which may appear elsewhere in the IAR of which this notice forms part, is provided in terms of paragraph 11.26 of the JSE Listings Requirements:

- Major shareholders:
  Refer to the shareholder analysis on page 128 of the IAR.
- Material changes:
  Other than the facts and developments reported on in the IAR of which this notice forms part, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report for the financial year ended 28 February 2019 and up to the date of this notice.
- Share capital of the Company:
  Refer to page 100 of the IAR.
- Directors' responsibility statement:
  The directors, whose names appear on page 4 of the IAR of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

SPECIAL RESOLUTION 3:
FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED PARTIES

"Resolved that, to the extent required by the Companies Act, the board may, subject to the compliance with the requirements of the Company's memorandum of incorporation, the Companies Act and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act, by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the Company for any purpose or in connection with any matter, such authority to endure for a period of two years from the date of the passing of this special resolution."

In order for special resolution 2 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass those resolutions.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 3

The Company would like the ability to provide financial assistance, if necessary, in accordance with section 45 of the Companies Act. Therefore, the reason for and effect of special resolution 3 is to permit the Company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution 3.

IMPORTANT DATES AND TIMES

RECORD DATE FOR RECEIPT OF NOTICE PURPOSES
Friday, 7 June 2019

POSTING DATE
Tuesday, 18 June 2019

LAST DAY TO TRADE IN ORDER TO BE ELIGIBLE TO VOTE
Tuesday, 2 July 2019

RECORD DATE FOR VOTING PURPOSES
Friday, 5 July 2019

FOR ADMINISTRATION PURPOSES,
FORMS OF PROXY TO BE LODGED BY 12H00 ON
Friday, 12 July 2019

AGM TO BE HELD AT 12H00 ON
Tuesday, 16 July 2019

RESULTS OF AGM RELEASED ON SENS
Tuesday, 16 July 2019

ATTENDANCE AND PARTICIPATION AT THE MEETING

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, for purposes of being entitled to attend, participate in and vote at the AGM is Friday, 5 July 2019.

QUORUM

The quorum, for the purposes of considering the resolutions to be proposed at the AGM, shall consist of three shareholders of the Company, present in person or represented by proxy, and entitled to vote at the meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions to be proposed at the meeting.

VOTING AND PROXIES

In terms of section 62(3)(e) of the Companies Act, a shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and participate in and vote at the AGM in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein, and a proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of any Exemplar shareholder holding certificated shares who cannot attend the AGM, but who wishes to be represented thereat. Forms of proxy may also be obtained on request from the Company's registered office. For administrative purposes, the completed forms of proxy should be deposited at or emailed to the office of the transfer secretaries, so as to be received by 12h00 on Friday, 12 July 2019 to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the chair of the AGM or to the transfer secretaries at the AGM at any time prior to the commencement of the AGM or prior to voting on any resolution proposed at the AGM. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to vote in person at the AGM, should the shareholder subsequently decide to do so.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and who wish to attend the AGM, must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.

Dematerialised shareholders who have elected "own-name" registration in the sub-register through a CSDP and who are unable to attend, but wish to vote at the AGM of shareholders, must complete and return the attached form of proxy and lodge it with the transfer secretaries of the Company by 12h00 on Friday, 12 July 2019 to allow for processing. Alternatively, the form of proxy may be handed to the chair of the AGM at any time prior to the commencement of the AGM or prior to voting on any resolution proposed at the AGM.

All beneficial owners whose shares have been dematerialised through a CSDP or broker other than with "own name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the AGM. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the AGM. Such shareholder must not complete the attached form of proxy.

In terms of section 63(1) of the Companies Act, meeting participants will be required to provide identification to the reasonable satisfaction of the chair of the AGM and the chair must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably satisfied. Accordingly, valid identification is required in order to verify the participants who are entitled to participate in, vote and speak at the meeting – this applies to both shareholders and proxies. Shareholders and proxies should, therefore, ensure that such identification is available on the day of the meeting. Acceptable forms of identification include valid identity documents, driver's licences and passports.

In order to more effectively record the votes and give effect to the intentions of shareholders, voting on all resolutions will be conducted by way of a poll.

TELEPHONIC PARTICIPATION

Shareholders or their proxies may participate in the meeting by way of telephone conference call. Shareholders or their proxies who wish to participate in the AGM via the teleconference facility will be required to advise the Company thereof by no later than 12h00 on Friday, 12 July 2019, by submitting, by email to the company secretary at ananda@exemplarreit.co.za, relevant contact details including an email address, cellular number and landline, as well as full details of the shareholder's title to the shares issued by the Company together with proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and written confirmation from the shareholder's CSDP (in the case of dematerialised shareholders) confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the teleconference facility during the AGM.

Shareholders who wish to participate in the AGM by way of telephone conference call must note that they will not be able to vote during the AGM. Such shareholders, should they wish to have their vote counted at the AGM, must, to the extent applicable, (i) complete the form of proxy; or (ii) contact their CSDP or broker, as set out above.

ANANDA BOOYSEN
Company Secretary

FORM OF PROXY

Exemplar REITail Limited
(Incorporated in the Republic of South Africa)
Registration number 2018/022591/06
Approved as a REIT by the JSE
JSE share code: EXP
ISIN: ZAE000257549
("Exemplar" or the "Company")

FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use by shareholders of the Company holding certificated shares and/or dematerialised shareholders who have selected "own-name" registration, at the AGM of the Company to be held at the Company's registered office, Sokatumi Estate, cnr Lyttelton Road & Leyden Avenue, Clubview, Centurion, on Tuesday, 16 July 2019 at 12h00 (or at any postponement or adjournment thereof).

Not for use by dematerialised shareholders who have not selected "own-name" registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the AGM and request that they be issued with the necessary letter of representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the AGM in order for the CSDP or broker to vote in accordance with their instructions at the AGM.

I/We		*(names in block letters)*
of		*(address in block letters)*
being the holder/s of		shares in the Company, do hereby appoint:
	of	or failing him/her,
	of	or failing him/her, the chair of the AGM,

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the AGM and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the AGM, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner:

RESOLUTIONS		*FOR	*AGAINST	*ABSTAIN
ORDINARY RESOLUTIONS				
Ordinary resolution 1:	Adoption of annual financial statements			
Ordinary resolution 2:	Re-election of directors:			
	2.1 Jason McCormick			
	2.2 John McCormick			
	2.3 Duncan A Church			
	2.4 Frank M Berkeley			
	2.5 Gregory VC Azzopardi			
	2.6 Elias P Maponya			
	2.7 Peter J Katzenellenbogen			
Ordinary resolution 3:	Re-appointment of external auditor			
Ordinary resolution 4:	Re-appointment of members of the Audit and Risk Committee:			
	4.1 Peter J Katzenellenbogen			
	4.2 Frank M Berkeley			
	4.3 Elias P Maponya			
Ordinary resolution 5:	General authority to issue shares for cash			
Ordinary resolution 6:	Specific authority to issue shares pursuant to a reinvestment option			
Ordinary resolution 7:	Authorisation to sign documents			
NON-BINDING ADVISORY RESOLUTIONS				
Non-binding advisory resolution 1: Approval of remuneration policy				
Non-binding advisory resolution 2: Approval of remuneration implementation report				
SPECIAL RESOLUTIONS				
Special resolution 1: Approval of fees payable to non-executive directors				
Special resolution 2: General authority to repurchase shares				
Special resolution 3: Financial assistance to related and inter-related parties				

** One vote per share held by shareholders, recorded in the register on the record date.*

Signed at	on	2019
Full name(s) and capacity:		
Signature:		
Assisted by (where applicable):		

Please read the notes to the form of proxy on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. Shareholders that are certificated shareholders or "own-name" dematerialised shareholders entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chair of the AGM", but any such deletion must be initialed by the shareholder(s). Such proxy(ies) may participate in, speak and vote at the AGM in the place of that shareholder at the AGM. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the chair shall be deemed to be the proxy.
2. A proxy appointed by a shareholder in terms hereof may not delegate his authority to act on behalf of the shareholder to any other person.
3. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the AGM unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or emailed to proxy@computershare.co.za, by 12h00 on Friday, 12 July 2019. For administration purposes, it may be handed to the chair of the AGM prior to voting on any resolutions.
4. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat relating to the resolutions proposed in this form of proxy.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
6. A shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy, and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.
7. The chair of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialed by the signatory/ies.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity, must be attached to this form of proxy, unless previously recorded by the Company or the transfer secretaries or waived by the chair of the AGM.
10. Where there are joint registered holders of any shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of shareholders, will be accepted and only that holder whose name appears first in the register in respect of such shares needs to sign this form of proxy.
11. This form of proxy may be used at any adjournment or postponement of the AGM, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
12. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act.

Forms of proxy should be lodged at, posted, faxed or emailed to the transfer secretaries, Computershare Investor Services Proprietary Limited:

HAND DELIVERIES TO:
Rosebank Towers
15 Biermann Avenue
Rosebank
2196
South Africa

POSTAL DELIVERIES TO:
Computershare Investor Services Proprietary Limited
PO Box 61051
Marshalltown
2107
South Africa

FAX TO:
F +27 11 688 5238

EMAIL TO:
Proxy@Computershare.co.za

to be received, for administrative purposes, by 12h00 on Friday, 12 July 2019.

Alternatively, the form of proxy may be handed to the chair of the AGM or the transfer secretaries prior to the commencement of the AGM or prior to voting on any resolution proposed at the AGM.

CORPORATE INFORMATION

REGISTERED OFFICE AND BUSINESS ADDRESS

Cnr Lyttelton Road and Leyden Avenue
Clubview, Centurion, 0157
T: +27 12 660 3020
Email: info@exemplarreit.co.za
www.exemplarreit.co.za

COMPANY SECRETARY

Ananda Booysen
T: +27 12 660 3020
Email: ananda@exemplarreit.co.za

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
T: +27 11 370 5000

CORPORATE ADVISOR AND SPONSOR

Java Capital
6A Sandown Valley Crescent
Sandton, 2196
T: +27 11 722 3050

AUDITORS

BDO South Africa Incorporated
Wanderers Office Park, 52 Corlett Drive
Illovo, 2196
T: +27 11 488 1700

Exemplar REITail Limited
(Incorporated in the Republic of South Africa)
Registration number 2018/022591/06
Approved as a REIT by the JSE
JSE share code: EXP
ISIN: ZAE000257549
("Exemplar" or the "Company")

DEFINITIONS

AFS	Annual financial statements
AGM	Annual general meeting
Audit and Risk Committee	Audit and risk committee (a committee of the board)
B-BBEE	Broad-based black economic empowerment
b	Billion
board	The board of directors of Exemplar
CEO	Chief executive officer
CFO	Chief financial officer
Companies Act	Companies Act, No 71 of 2008
CPS	Cents per share
CSI	Corporate social investment
DPS	Distribution per share
EPS	Earnings per share
Exemplar or the Company	Exemplar REITail Limited
FY2019	Financial year ended 28 February 2019, commencing on incorporation of the Company being 17 January 2018
FY2020	Financial year ending 29 February 2020
GLA	Gross lettable area
Group	Exemplar and its subsidiaries
HR	Human resources
IAR	Integrated Annual Report
IFRS	International Financial Reporting Standards
International <IR> Framework	The International Integrated Reporting Framework of the International Integrated Reporting Council
JIBAR	Johannesburg Interbank Acceptance Rate
JSE	JSE Limited
JSE Listings Requirements	Listings requirements of the JSE
King IV	King IV Report on Corporate Governance for South Africa 2016
LTV	Loan to value ratio
m	Million
MPD	McCormick Property Development Proprietary Limited
NAV	Net asset value
NTAV	Net tangible asset value
Prospectus	The Company prospectus issued on 30 May 2018
PV	Photovoltaic
REIT	Real Estate Investment Trust
Remco or Remuneration Committee	Remuneration committee (a committee of the board)
SENS	Stock Exchange News Service of the JSE
Social and Ethics Committee	Social and ethics committee (a committee of the board)
WALE	Weighted average lease expiry

EXEMPLAR

EXEMPLAR REITAIL LIMITED
Sokatumi Estate
Corner Lyttelton Road and
Leyden Avenue
Clubview, Centurion, 0157

012 660 3020
info@exemplarREIT.co.za
www.exemplarREIT.co.za
@ExemplarREITail
/EReitail