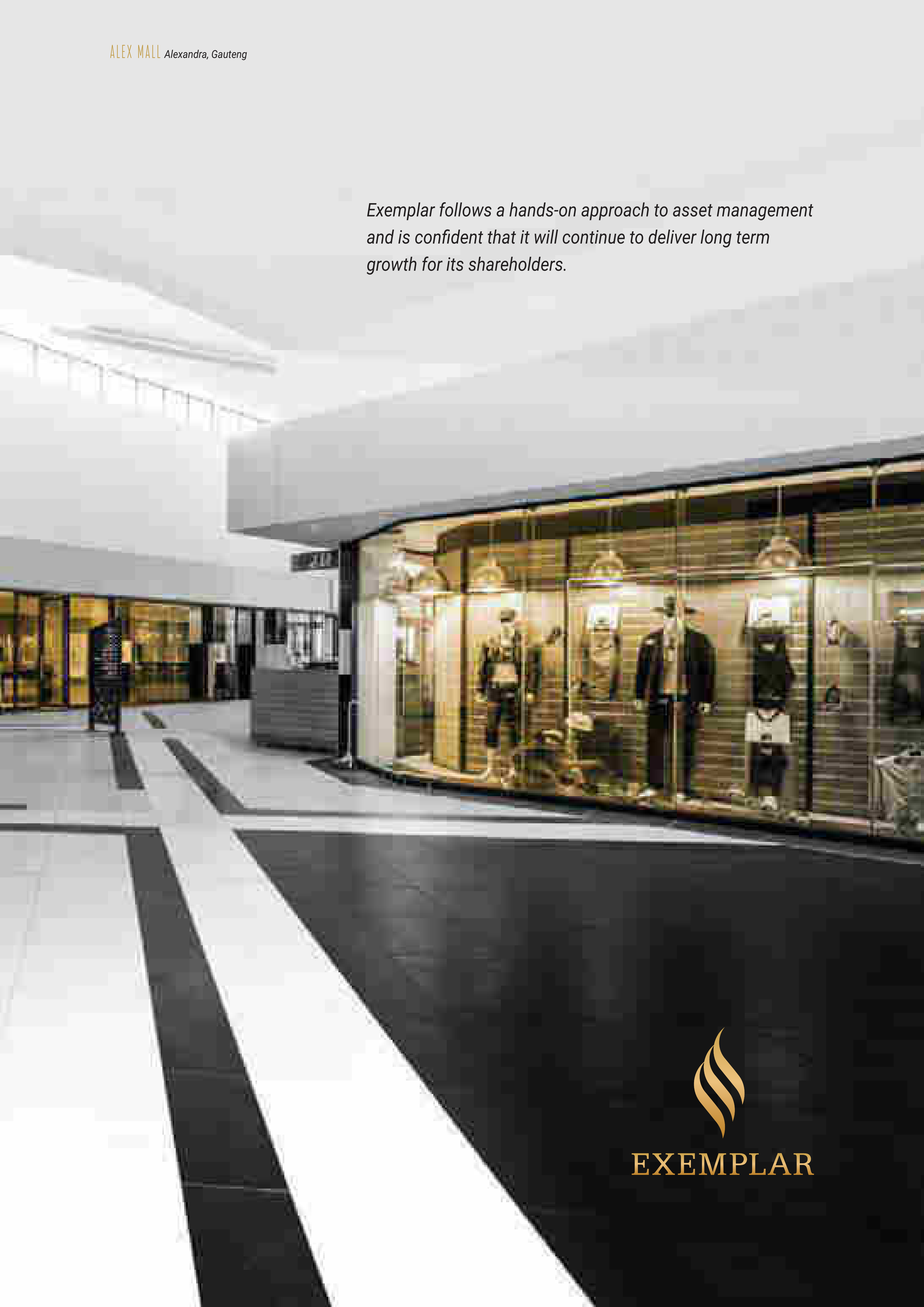
EXEMPLAR

INTEGRATED REPORT

For the year ended 28 February 2021

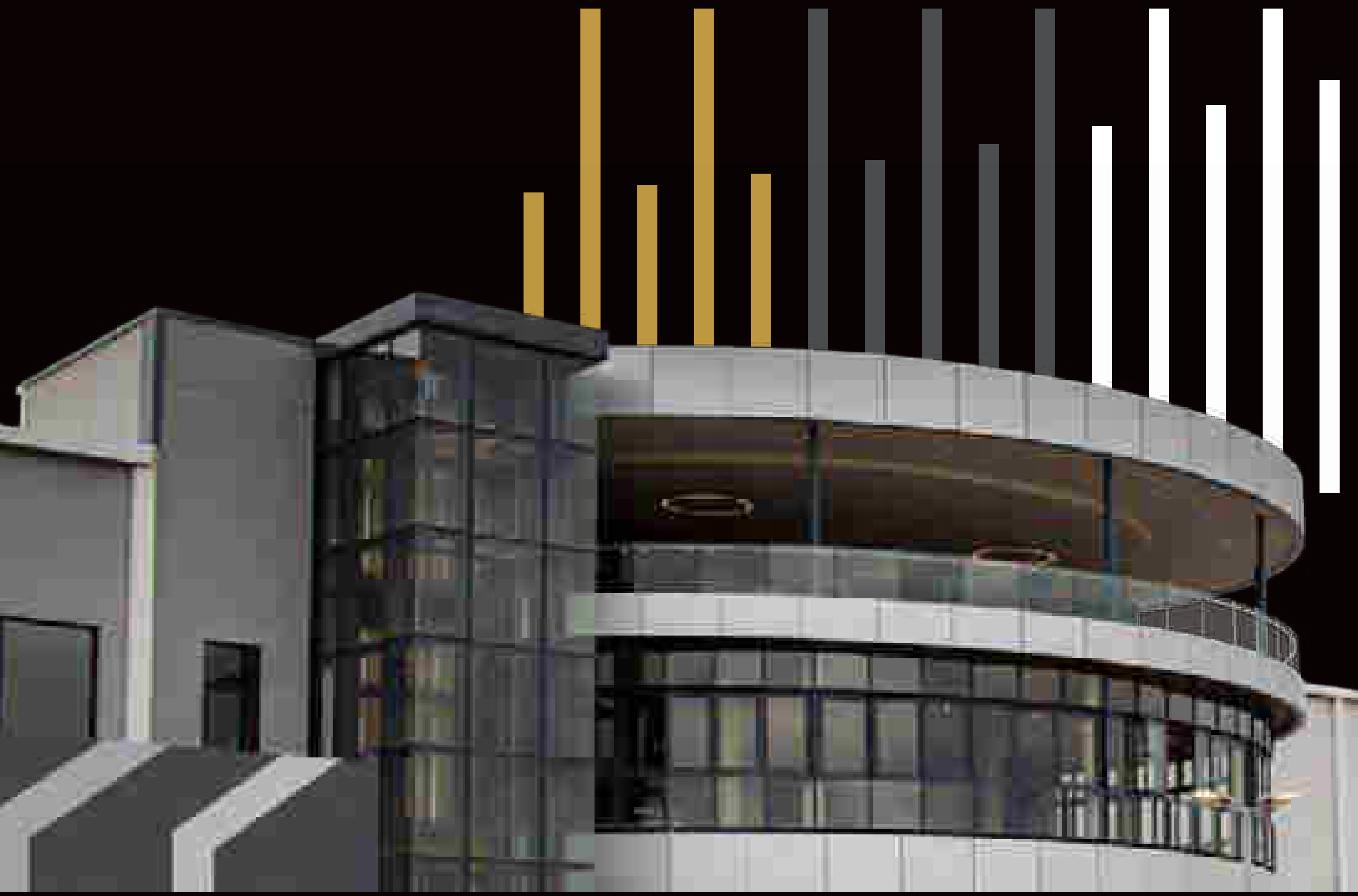
ALEX MALL *Alexandra, Gauteng*

Exemplar follows a hands-on approach to asset management and is confident that it will continue to deliver long term growth for its shareholders.



EXEMPLAR

MALL OF THEMBISA *Thembisa, Gauteng*



ABOUT EXEMPLAR

BUSINESS REVIEW

CORPORATE GOVERNANCE

EXEMPLAR

INDEX

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

ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

'While the challenges of FY2021 cannot be denied, the defensive nature of the Exemplar portfolio and our dynamic management team have ensured that it remains a top performer in the property sector.

With a solid portfolio of assets, a strong pipeline of acquisition opportunities and an incredible team managing them, we expect the portfolio to continue to grow from strength to strength.'

- Jason McCormick **CEO**

ABOUT THIS REPORT

Our integrated annual report (IAR) is an annual publication presenting a holistic overview of the Company's performance and insight into future plans for creating sustainable value for all shareholders.

Previous reports are available at www.exemplarREIT.co.za.

SCOPE AND BOUNDARY
This IAR provides details pertaining to performance as well as to how the governance and business practices of the Company create value for all shareholders. It contains detailed information for the period ending 28 February 2021.

Details of acquisitions, investments in subsidiaries, joint ventures and jointly controlled assets can be found in the annual financial statements (AFS) starting on page 68.

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.

The AFS have been prepared in accordance with International Financial Reporting Standards as well as the requirements of the Companies Act. Assurance has been received from our external auditor, BDO South Africa Incorporated, on the presentation of the AFS. The independent auditor's report can be viewed on pages 80 to 83.

MATERIALITY
This IAR addresses all reasonable material matters that may 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 strategic decisions to ensure mitigation of risk and to maximise possible opportunities.

FORWARD-LOOKING STATEMENTS
This IAR contains forward-looking statements with regard to the Group's future prospects and performance. While these statements and opinions are true at the time of preparing the IAR, emerging risks, uncertainties and other factors, both nationally and internationally, may result in material differences in the actual results.

BOARD RESPONSIBILITY STATEMENT
With the assistance of the Audit and Risk Committee, the board recognises its responsibility to ensure the integrity and accuracy of the IAR.

The Audit and Risk Committee report (commencing on page 74) provides an overview of the steps taken to optimise assurance within the Company and its operations.

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 fairly presents the performance of the Company for the period under review.

BOARD OF DIRECTORS

Frank M Berkeley
Chair

John McCormick
Executive director

Jason McCormick
CEO

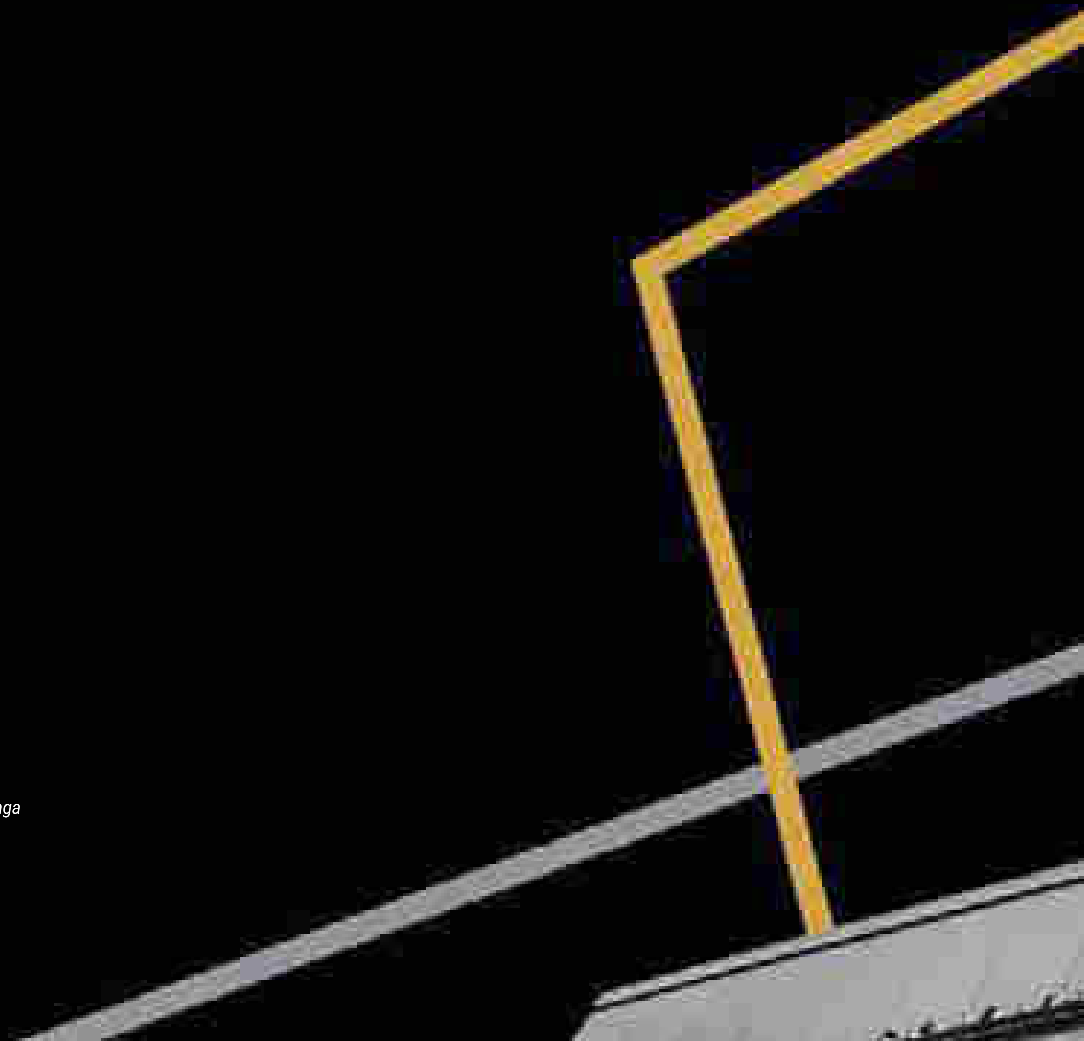
Duncan A Church
CFO

Peter J Katzenellenbogen
Lead independent director

Elias P Maponya
Independent
non-executive director

Gregory VC Azzopardi
Independent
non-executive director

ABOUT EXEMPLAR



KWAGGA MALL *Kwaggafontein, Mpumalanga*

EXEMPLAR

WHO WE ARE

Exemplar is a market leading owner and manager of township and rural retail space in South Africa.

The Company is a real estate investment trust (REIT) that listed on the JSE in June 2018.

With a portfolio of 23 retail centres across five provinces, spanning 382 322m², our mission is to enhance shareholder value by uplifting communities through investment in quality assets in under-serviced markets. The Exemplar portfolio is valued at R6,541 billion.

We are the only fund in South Africa focused purely on under-serviced retail and we offer investors a distinctive investment opportunity.

We pride ourselves in owning, managing and developing assets that not only provide retail essentials to the communities in which they are located but that have a positive impact on the micro-economies within which they are built.

Sustainable rental levels, operational cost management and viable development models are all key drivers in our quest to unlock value and deliver sustainable distribution growth.

OUR 2021 HIGHLIGHTS

FINAL DIVIDEND OF

49,06666

CENTS PER SHARE

for the six months ended
28 February 2021

an increase of 1.2% compared to the corresponding period

COLLECTION OF

99.9%

OF BILLINGS

for the six months ended
28 February 2021

DIEPKLOOF SQUARE *Soweto, Gauteng*

Diversification towards development as opposed to pure acquisition, ownership and management

ACQUISITION OF

50.1%
interest

in Mall of Thembisa

ESTABLISHMENT OF

ONE PEOPLE FUND

an interim relief fund that has donated food for

7,34 million

MEALS TO DATE

Investment in rooftop PV systems, taking the total installed capacity of the portfolio to 6,3 MW DC. Find the full sustainability report on page 39.

COVID-19 EDUCATION
AND AWARENESS CAMPAIGNS

across ALL 23 ASSETS in the portfolio

FRANK M BERKELEY
CHAIR

CHAIR'S REPORT

I think that there can be no doubt that the 12 months ended 28 February 2021 has proven to be the most difficult period that the property industry has experienced in living memory. The challenges that the industry faced after the financial crash in 2008 and 2009 pale into insignificance compared with the devastation that COVID-19 has inflicted. The effects of the various and repeated lockdowns have been crippling on the South African economy and while we had hoped there would be a better idea of what the future may look like by the end of December 2020, the dismal failure of any meaningful implementation of a vaccine roll out has exacerbated the uncertainty of the country's economic prospects.

What is also particularly saddening is that the property industry was required to provide rental relief, which has impacted materially on all property companies, but we received no relief in terms of municipal property rates reductions. On the contrary, most municipalities continue to increase rates well in excess of inflation to fund their largely inefficient and ineffective operations.

What this crisis has done, however, is to prove something we had suspected and believed, and that is that our people are quite simply incredible. The commitment that they demonstrated and the dedication they have shown in caring not only for our shopping centres but just as importantly, the care that they have shown for their colleagues and the communities in which we operate has been nothing short of inspirational. I refer here to all of our people, from the senior executives to the most junior employee – everyone has demonstrated the kind of leadership that we could only have imagined in our most optimistic thoughts. It is easy to lead in good times but real leadership only emerges in the dark times that we have experienced in the last 12 months. There was no blueprint or case study that could have prepared our people for this crisis, but they constantly evaluated the situation and adapted and innovated in a manner that is justifiably cause for pride and appreciation.

What has not been surprising is that our shopping centre assets have proven to be as resilient as we expected and more detail of their excellent performance is included in both Jason and Duncan's respective reports. This is not surprising because the decades of experience possessed by the management team has ensured that the shopping centres were designed properly, sized correctly, rented out on a sustainable basis, and managed intensively.

Last year I stated that we expected our results to compare very favourably with the sector, and I believe that the fact that our total dividend for the year decreased only marginally demonstrates the quality of this Company. We will not be giving guidance other than we expect to once again perform very well relative to our peers in the industry. We will emerge from this crisis, and a crisis it certainly is, far smarter and more innovative, to continue to build this business in line with our ambitious vision.

It has been a difficult year too for the directors due to the inability to travel and attend board meetings in person. Whilst everyone has embraced 'virtual' meetings and become adept at them, there is no doubt in my mind about the value of face to face interactions, and I am hopeful that we will soon be able to readily resume physical attendance at meetings. I would like to thank every board member for the diligence and skill that they have contributed during the past year.

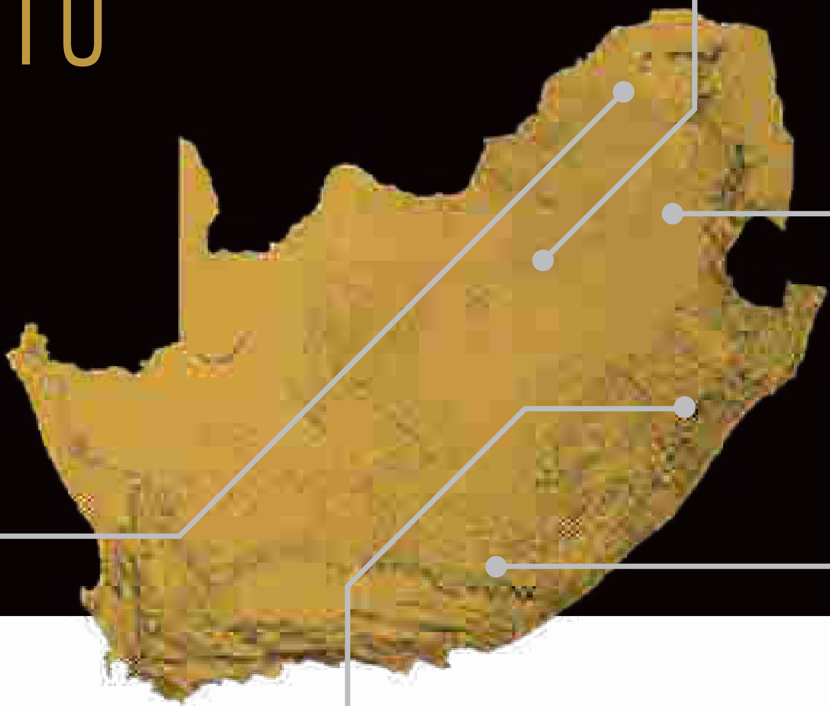
Finally, I express my deepest appreciation to all the people employed at Exemplar. You have, quite frankly, been amazing under the most trying and uncertain of circumstances, and you have every justification in being proud of your achievements. Hold your heads high.

FRANK M BERKELEY

CHAIR

OUR INVESTMENT PORTFOLIO

Our asset base spans five provinces and is exclusively township and rural retail focused. The 23 rural retail properties total 382 322m² with an average centre size of 20 800m².



LIMPOPO

Blouberg Mall
13 333m²
Bochum
Economic interest 100%

Jane Furse Plaza
18 904m²
Jane Furse
Economic interest 29.83%

Maake Plaza
14 394m²
Tzaneen
Economic interest 30%

Modi Mall
22 561m²
Modimolle
Economic interest 100%

Modjadji Plaza
9 769m²
Ga-Kgapane
Economic interest 70%

KWAZULU-NATAL

Greater Edendale Mall
31 348m²
Pietermaritzburg
Economic interest 100%

Mandeni Mall
11 891m²
Mandeni
Economic interest 50%

Theku Plaza
14 159m²
Newcastle
Economic interest 82.5%

EASTERN CAPE

Lusiki Plaza
13 597m²
Lusikisiki
Economic interest 100%

UNDER CONSTRUCTION

KwaBhaca Mall
c.19 088m²
KwaBhaca (Mt Frere)
Eastern Cape
Economic interest 60%

Bizana Walk
c.8 000m²
Bizana
Eastern Cape
Economic interest 60%

GAUTENG

ALEX MALL
29 137m²
Alexandra
Economic interest 100%

CHRIS HANI CROSSING
40 607m²
Vosloorus
Economic interest 50%

DIEPKLOOF SQUARE
15 446m²
Soweto
Economic interest 100%

MABOPANE SQUARE
10 398m²
Mabopane
Economic interest 100%

MALL OF THEMBISA
44 781m²
Thembisa
Economic interest 50.1%

Atteridge Stadium Centre
4 797m²
Atteridgeville
Economic interest 100%

Olievenhout Plaza
16 314m²
Olievenhoutbosch
Economic interest 100%

Thorntree Shopping Centre
15 620m²
Soshanguve
Economic interest 100%

Tsakane Mall
31 773m²
East Rand
Economic interest 50%

MPUMALANGA

KATALE SQUARE
8 734m²
Marapyane
Economic interest 100%

KWAGGA MALL
34 435m²
Kwaggafontein
Economic interest 43.51%

PHOLA MALL
27 693m²
KwaMhlanga
Economic interest 53%

Acornhoek Megacity
25 200m²
Bushbuckridge
Economic interest 43.98%

Emoyeni Mall
23 427m²
Emoyeni
Economic interest 100%

TENANTS BY GEOGRAPHIC SEGMENT

BY GLA

45.2%	GAUTENG
22.4%	MPUMALANGA
15.0%	KWAZULU-NATAL
13.8%	LIMPOPO
3.6%	EASTERN CAPE

BY REVENUE

44.5%	GAUTENG
22.1%	MPUMALANGA
15.4%	KWAZULU-NATAL
14.4%	LIMPOPO
3.6%	EASTERN CAPE

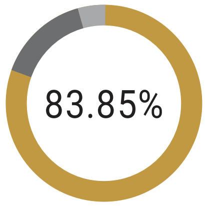
WEIGHTED AVERAGE RENTAL ESCALATION IN FY2022 OF 4.4%

AVERAGE ANNUALISED PROPERTY YIELD OF 8.73%

TENANT PROFILE (GLA)

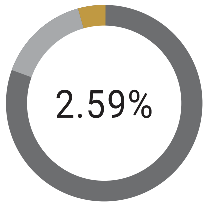
CATEGORY A

Large international and national tenants as well as government or smaller tenants in respect of which rental guarantees are issued. This includes but is not limited to: Pick 'n Pay, Checkers, Shoprite, Superspar, Game, Cashbuild, Builders Superstore, the Truworths Group, the Foschini Group, Mr Price Group, Pepkor, SAPO, ABSA, FNB, Capitec Bank, Standard Bank, Nedbank, Famous Brands, McDonald's, Roots Butchery and Liquor City.



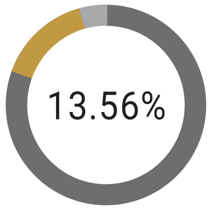
CATEGORY B

Smaller, international and national tenants as well as smaller listed tenants, major franchisees and medium to large professional firms. This includes but is not limited to: Studio 88, Webbers, Legit, Rage and Beaver Canoe.



CATEGORY C

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



LEASE EXPIRY PROFILE

	By GLA	By Revenue
Vacant (March 2021)	5.04%	
Monthly	2.30%	1.64%
February 2022	15.35%	16.47%
February 2023	20.32%	21.83%
February 2024	24.14%	23.54%
February 2025	8.88%	8.67%
After February 2025	34.46%	27.84%

PORTFOLIO FAIR VALUE

R6,541 billion

WEIGHTED AVERAGE RENTAL

R143,41

per m² in FY2022 (retail sector)

As a company whose core focus is the provision and management of retail services to previously under-serviced regions across South Africa, Exemplar offers investors access to a distinctive property portfolio.

MABOPANE SQUARE *Mabopane, Gauteng*

INPUTS

FINANCIAL CAPITAL

- Equity of R3,634 billion
- Unutilised debt facilities of R292 million
- Total facilities of R2,661 million
- Effective capital management and allocation
- Tangible stakeholder relations

HUMAN CAPITAL

- 82 permanent staff members
- Established skill set: combined experience of 454 years managing the portfolio
- 100% of head office staff able to work remotely during hard lockdown
- Zero COVID-19 related job losses, retrenchments or pay cuts
- A diverse, dynamic and multi-skilled team
- Collaborative, community-centric approach

SOCIAL AND RELATIONSHIP CAPITAL

- Strategic partnership with property development experts, McCormick Property Development (MPD)
- Diverse tenant profile
- Symbiotic tenant relationships
- Ongoing investment and interaction within the communities that our assets are based

INTELLECTUAL CAPITAL

- Active asset management
- Effective operations management and systems
- Inherent institutional knowledge and skill set of our staff
- Excellent corporate culture, reputation and brand
- Ability to innovate and adapt

MANUFACTURED CAPITAL

- Portfolio of 23 developments with total GLA of 382 322m²
- Diversification into retail property development
- Strategic acquisition opportunities (MPD pipeline)
- Planned property upgrades and refurbishments
- Non-GLA income potential
- Total number of stores: 1 482

NATURAL CAPITAL

- Increasingly self-sufficient with regard to utilities
- Commitment to sustainability
- Roll out of rooftop PV systems
- Integration of environmentally friendly, reliable and sustainable waste management practices

BUSINESS ACTIVITIES

- Impeccable relationships form the backbone of everything we do
- Developing and maintaining tenant relations ensures stable, long term lease agreements
- Ongoing community development and engagement ensures customer buy-in and support
- Ongoing engagement with investors and financiers ensures funding for new investments
- Strategic relationship with MPD differentiates us from our competitors

INVEST TO OWN FOR THE LONG TERM

Option to acquire retail assets developed by MPD that are congruent with our existing portfolio on an arms-length transaction basis.

INTERNALLY-MANAGED PROPERTIES WITH OPERATIONAL EXPERTISE

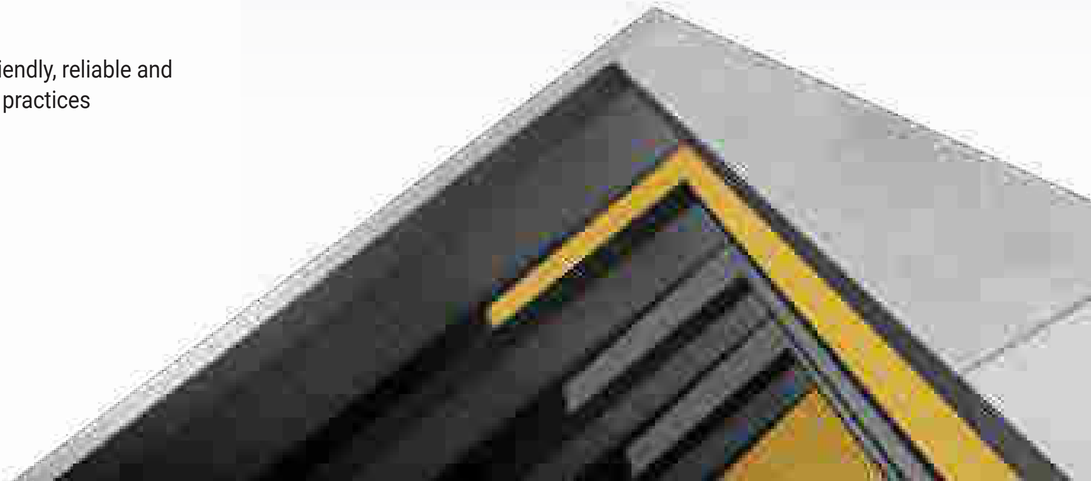
Our team has an inherent understanding of our portfolio as well as deep institutional knowledge of the markets within which we operate. The same management team that planned and developed each asset remains responsible for its internal asset management to date, allowing for an unparalleled understanding of our asset base.

REDEVELOP, RENEW AND RECYCLE

Strategic intent to acquire developments that have been under-scoped within their first phase, allowing for redevelopment and growth to their full potential to ensure future proofing of each asset.

SELL WHEN IT'S RIGHT

Investments and acquisitions are not done with a view to sell. Recycling of capital, however, is seen as an integral part of our business model. Assets that may have exhausted their growth potential will be disposed of, allowing for yield-enhancing property acquisitions.



OUTPUTS

A unique and specialised portfolio, concentrating solely within the rural and under-serviced township markets of South Africa that:

- Generate rental income and capital gains
- Provide new frontier space for retailers

Internal asset management services that:

- Maximise operational cost efficiencies
- Generate income from management fees by serving the needs of other property owners who entrust us to maximise their returns

Marketing space that:

- Generates non-GLA income streams
- Provides a means for companies to market themselves to our shoppers
- Increases tenant & shopper interaction

OUR BUSINESS MODEL

CAPITAL OUTCOMES

FINANCIAL CAPITAL

- Operating profit of R489,3 million
- Final distribution of 49,06666 cps
- NAV per share: R10,79
- LTV of 38.5%
- Finance costs: 5.85% (weighted average cost of debt)
- COVID-19 rental relief to the value of R32,2 million

HUMAN CAPITAL

- Low staff turnover
- Additional staff members employed as needed
- Staff development and growth plans in place
- Implementation of COVID-19 health protocols throughout the portfolio
- Establishment of One People Fund
- Creation of Reahola Farming Co-operative (see pg 20 for more info)
- Establishment of Kasi CoLAB at the Mall of Thembisa (see pg 21 for more info)

SOCIAL AND RELATIONSHIP CAPITAL

- Increased brand recognition
- Well respected in the industry
- Ongoing community development and investment initiatives

MANUFACTURED CAPITAL

- Total portfolio valuation of R6,541 billion
- Acquisition of 50.1% interest in Mall of Thembisa (Thembisa, Gauteng)
- Co-development JV to develop KwaBhaca Mall (Mt Frere, Eastern Cape)
- Potential acquisition of Flagstaff Square (Flagstaff, Eastern Cape) in FY2022
- Weighted average rental of R143,41 per m² per month
- Average anchor trading density of R3 965 per m² per month

NATURAL CAPITAL

- Rooftop PV project roll out across six assets in Gauteng
- Responsible waste management
- Billing and meter reading optimisation

WHAT DIFFERENTIATES US

- The only REIT focused on township and rural retail
- In-house property and asset management. The same team that currently manages our assets has done so since each development began trading
- The institutional knowledge and skill set of our team
- Our ability to rapidly innovate and adapt

OUR INVESTMENT CASE AND MARKET POSITIONING

Exemplar offers investors access to a homogenous property portfolio within the most defensive retail property sector in South Africa.

The Exemplar business model, seen below, is a straightforward, traditional property model with few non-recurring income items which should diminish volatility in future earnings and distributions. We endeavour to distribute 100% of distributable income.

Our philosophy is that property investment is a venture that generates real and sustainable value creation in the longer term. All strategic and investment decisions take the short, medium and long term view into consideration when allowing for this sustainable value creation.

Investing with us provides a unique and enduring investment opportunity that affords access to a distinctive portfolio of retail assets within the rural and under-serviced markets of South Africa.

As the only REIT focused solely on township and rural retail, our team has an inherent understanding of our portfolio as well as deep institutional knowledge of the markets within which we operate. This knowledge and understanding, along with a community-centric view in all areas of management, allow us to follow a hands-on approach to the internal management of our assets while focusing on long term sustainability. We have traditionally under-sized our assets relative to market demand, which has allowed us to better weather economic downturns and to focus on sustainable rental levels (FY2021 weighted average rental through rate of R137,33/m² vs R128,54m² in FY2020).

Our singular focus and the ability to rapidly innovate and adapt to changes in the market allow us to dynamically manage the balance of category weights within our various assets, thus lowering vacancy levels and ensuring higher tenant retention rates. We boast a high-quality tenant profile, with 83.85% of the portfolio being A-rated tenants.

Our close working relationship with both tenants and financiers, a gearing ratio of 38.5%, the majority of our tenants trading at acceptable rent to turnover and occupancy cost ratios, and assets that have not been over-rented (thus with more sustainable rental levels) have helped to ensure we remain well-positioned within our specific niche of the market. We believe we have all the ingredients necessary to endure the current pandemic hardships and emerge even stronger.

The defensive nature of our portfolio, well-located geographically, and tenant mix mainly focused on essential goods and services, enabled us to weather the COVID-19 storm better than most. We have always held the view that our portfolio is exceptionally resilient, which contention was tested in the extreme in the financial year that was.

MALL OF THEMBISA *Thembisa, Gauteng*

OUR RESPONSE TO COVID-19

Innovation and adaptability are fundamental to our everyday operations.

These skills gave us the edge in responding to the many urgent and varied needs of our customers, tenants and on-site staff in the wake of the COVID-19 pandemic.

The various levels of lockdown and events leading up to it required us to pivot our response daily, sometimes hourly, to ensure the safety and well-being of the approximately 10 to 15 million shoppers per month that visit our assets.

In the first three months of lockdown, we redirected our marketing fund to educational issues around the virus and the implementation of safe social distancing and hygiene practices.

Within the first week of March 2020, we installed a visible social distancing campaign at all our sites. This included vinyl floor stickers demarcating the correct distance to keep, awareness posters and promoters on site to educate our customers of the importance of keeping their distance from each other.

THORNTREE SHOPPING CENTRE *Soshanguve, Gauteng*

In response to the need for increased attention to hand washing and hygiene, we created mobile handwashing stations consisting of two hand basins with running water. Soap was also provided to allow customers to wash their hands properly before entering the shopping centres.

These stations later evolved into hand-sanitising stations - contactless sanitiser dispensers that were placed just inside the mall access points.

In the week prior to level 5 of lockdown being implemented, we noticed a massive increase in feet to our malls. As a result, 'trolley spacing' was implemented, a system that used shopping trolleys to space customers in queues. Trolley spacing was arguably our most successful initiative in ensuring social distancing. This was taken one step further by placing all trolleys at our pedestrian entrances - customers had to take a trolley when entering the centre, thus ensuring a safe distance from the moment anyone was on site. Stringent hygiene processes were in place to clean each trolley after each use.

As the number of customers continued to rise, we took a decision to close our malls to all vehicular traffic to ensure improved access control and to control the population density within the properties themselves.

The open parking bays were then used to implement 's-queues'. This was a switchback queueing system that saw each customer being allocated a spot on the markings of each parking bay, proving effective in staggering our customers and further increasing social distancing in the queues.

On pension payout day, Monday 30 March 2020, we restricted access to all shoppers under the age of 60 between 7am and 10am. Additional security budget was made available to assist the elderly and disabled. By the time the April payout days approached, we took the decision to implement this across the full portfolio of tenants and for the full eight hours of trade.

Each shopping centre provided a seating area (with adequate distancing and hygiene protocols in place) and a warm meal for those elders waiting for their grants. In the colder months of June, July and August, blankets were handed out in addition to free meals.

On Good Friday, 10 April 2020, we launched #MasksforGood. This initiative was not only an awareness campaign about the benefits of wearing a mask but it also saw local township seamstresses being sourced to produce cloth masks to be distributed to customers in our malls. It was rolled out across the portfolio and saw over 40 000 free, reusable masks being donated to customers. The township-based seamstresses were thus able to inject some much-needed funds into the micro-economies of the communities.

It was the launch of #MasksforGood that opened our eyes to the real state of disaster that was surpassing the threat of COVID-19 - hunger. It became clear that more needed to be done and thus, the One People Fund (OPF) was established.

Created by Exemplar and Capstone Property Group in April 2020, OPF bulk buys maize meal and other foodstuffs at discounted rates and then distributes it to identified communities in need.

Established as an interim relief fund, the goal was to feed one million people in three weeks. In partnership with the Click Foundation and thanks to both local and international donors, OPF has provided food for 7.34 million meals to date. The fund ensures 100% of all monetary donations received are channelled into food distribution. All external logistics and operation costs are internalised by the founding members. Distributions have been done in Gauteng, Limpopo, KwaZulu-Natal, Eastern Cape, Western Cape and Mpumalanga in collaboration with local community structures and NPO's.

The long term impact of the pandemic, and the progress of the vaccine roll out, will undoubtedly become clearer in the months and years to come but we are confident of our ability to continue to provide safe, convenient retail spaces for our shoppers and tenants.

THEKU PLAZA *Newcastle, KZN*

OUR HUMAN CAPITAL

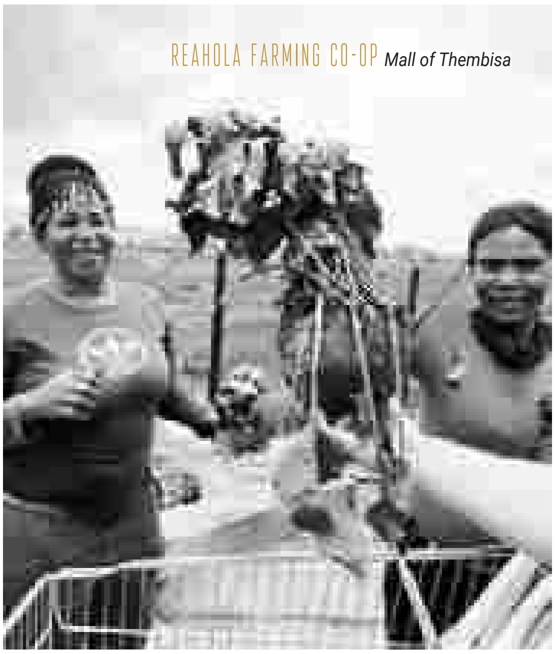
The year in review saw us investing even further into the communities within which our assets are based.

KASI COLAB *Mall of Thembisa*

ChangeforGood is an initiative that was launched in 2018 to encourage people to do one thing every day to assist in bringing about positive change. All of our corporate social investment (CSI) initiatives are run through #ChangeforGood, with in excess of R18,8 million invested by the various centres in the portfolio to date.

For a full review of Exemplar's CSI programme, visit:
www.changeforgood.co.za

FY2021 also saw us investing in two phenomenal new initiatives - the Reahola Farming Co-operative and the Kasi CoLAB at the Mall of Thembisa.



REAHOLA FARMING CO-OP *Mall of Thembisa*

The Reahola Co-op is a pilot market-gardens project established to ensure local upliftment and job creation for five local farmers who were provided with land, equipment and seedlings to launch the project.

Specific space was allocated to them along the lower boundary of the Mall of Thembisa to create market gardens to grow spinach, beetroot, baby marrow and other seasonal vegetables. We are working closely with the farmers to ensure adequate training and guidance to allow them to eventually become completely independent.

The first phase of the project saw an offtake agreement with the mall's anchor restaurant - Imbizo Shisanyama. The wholesome, 'homegrown' vegetables were first served from the Imbizo kitchen in November 2020 and the long term goal is for the co-op to supply all the restaurants at the mall.

The Reahola Co-op is also able to sell directly from the gardens to the community and customers who visit the mall.

KASI COLAB *Mall of Thembisa*

REAHOLA
WE ARE GROWING

KASI
COLAB

REAHOLA FARMING CO-OP *Mall of Thembisa*

The Kasi CoLAB is a retail incubator that provides local design entrepreneurs access to market and capital that they would not normally have. The CoLAB allows local start-ups the opportunity to trade from a prime retail location, rent free, for 12 months with the ultimate goal of enabling them to become independent tenants within our portfolio.

The model allows for a maximum of 15 hand-picked designers to trade from modular units within the store while receiving business mentorship and training. After a period of one year, new entrepreneurs will be selected to ensure continuous investment into our communities.

The roll out of the Kasi CoLAB into other assets in the portfolio is currently under consideration.

STAKEHOLDER INTERACTION

We are committed to open and honest communication with all stakeholders via all channels.

The confidence and trust of our shareholders are of utmost importance to us and as such responsible corporate governance, corporate social responsibility and socio-economic development are key drivers when proactively dealing with the perceptions and expectations of the market.

We strive to always be transparent, sincere and accurate while treating our stakeholders with respect, integrity and honesty. We value these relationships and endeavour to manage, meet and exceed expectations at every opportunity.

SHAREHOLDERS

We communicate with our shareholders through our integrated reports, results announcements, press releases and SENS announcements.

Information is also provided via:
www.exemplarREIT.co.za
f @ExemplarREITail @EReitail in @ExemplarREITail

FINANCIERS

Communication with our financiers predominantly takes place through one-on-one consultations.

Information is also provided to our financiers through our integrated reports and results announcements.

MEDIA AND ANALYSTS

Our engagement with the media and analysts is open and honest. We meet with the press and media representatives as and when required.

TENANTS

Tenant retention is viewed as importantly as the sourcing of new tenants in order to ensure optimum trading levels and customer satisfaction.

One of our primary aims is to understand and service the needs of our tenants in order to maximise their performance within our malls. We achieve this by frequently meeting with our tenants and conducting regular site visits at all of the assets within our portfolio.

EMPLOYEES

We endeavour to keep the ethos of the Company strong through solid communication and interaction at both head office and site-specific level.

Our strategy is to attract, retain and promote talent. This is achieved by, inter alia, remunerating employees fairly, setting and honouring achievable and realistic KPI's, holding regular feedback and training sessions with onsite staff and having an open-door policy.

SUPPLIERS AND PROCUREMENT

We are committed 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 within the relevant community structures, including municipal and government relations, of paramount importance.

We aim to continually uplift the local communities within which our shopping centres are situated by creating employment opportunities and hosting regular community social investment drives in order to facilitate donations and sponsorships.


KFC

EMOYENI MALL *Emoyeni, Mpumalanga*

BUSINESS REVIEW

EXEMPLAR

JASON McCORMICK
CEO

CEO REPORT

With Exemplar's FY2021 having commenced in the same month that the President declared a state of disaster, these results reflect a full year of COVID-19 related disruption and uncertainty on both our economy and industry.

Despite this, we remain incredibly proud to present these results as there can be no clearer indication of the strength and resilience of the Exemplar portfolio than looking at its performance through the trying times experienced over this last financial period.

It is said that the mettle of a people is best gauged during times of crisis. The same could be said of companies and we are exceptionally proud of the performance of both our people and portfolio through the most significant crises of our times.

From a personal standpoint, it has been an absolute honour to lead our team through the pandemic to date. Seeing them all go above and beyond in keeping our communities safe and our assets operating effectively throughout the crisis has brought home the sheer strength of the human capital element on our corporate balance sheet.

Exemplar's performance during the COVID-19 pandemic highlights not only the quality of its people and their deep levels of commitment but also the high quality of our assets and the robust nature of our specific niche of the retail market.

As Warren Buffet famously said, 'It is only when the tide goes out that you learn who has been swimming naked'. The effect of enforced lockdowns following the outbreak of COVID-19 has certainly laid bare the relative strengths and weaknesses of all companies operating through this time and I am proud to report that we have managed to come out of the water with not only our shorts on but our shirts still on our backs.

The historically conservative nature of management's policies has helped us weather this storm better than most. With lower and more sustainable rental levels and a sustainable LTV with a strong focus on cash flow, Exemplar remains on a solid foundation with which to grow the portfolio.

Confidence in Exemplar's fiscal position is highlighted by the board's decision to distribute 100% of distributable income and this speaks volumes of the Company in itself.

The final dividend of 49,06666 cps is an increase of 1.2% over the corresponding period in FY2020 (48,50 cps) and a 36.4% increase on the year's interim distribution.

Whilst the total dividend for FY2021 decreased by 7.8% compared to the prior year, this decrease is directly related to COVID-19 rental credits, increased credit loss provisions and extraordinary COVID-19 related operating expenses. But for these items, the total dividend for FY2021 would have shown an 8.0% increase.

Whilst detailed commentary on our numbers can be found in the CFO's report, there are a few metrics that I find worthy of highlighting here, as they speak directly to the strength and durability of the portfolio.

When looking at the trading figures below, juxtaposed against the restrictive trading conditions endured over the period, one gets a true sense of the defensibility of the Exemplar portfolio and its growth potential in better times.

Collections have normalised at around 100% of billings and income is stabilising back to pre-pandemic levels.

Leasing efforts have been substantial and tenant interest in our portfolio remains strong. We expect vacancy levels to return to historic levels within the current financial year. With a conservative LTV, sufficient headroom in our facilities and a portfolio that has continued to trade relatively well, we are confident that Exemplar is on as sound a base as ever to continue its growth story.

BY THE NUMBERS

Deemed essential and traded during level 5 lockdown

Solid increases in trading densities across the following retail categories:

Grocery Anchors	Value Fashion	Men's Fashion	Furniture	Health and Beauty
6.7%	13%	6%	11%	24%

an average of R3 965/m²/annum

INCOME

8.5%	R61,5 million increase in rental income and recoveries
R32,2 million	COVID-19 rental relief granted to tenants
100%	of rental relief in rental credits rather than deferrals
100%	of arrears provided for
99.9%	of billings collected since September 2020

LEASING

0.3%	positive escalation on leases renewed in FY2021
83.4%	tenant retention rate
5.3%	vacancies at reporting date, dropping to 3.5% by July 2021

OTHER KEY REIT STATS

38.5%	LTV
R6,541 billion	investment property fair value
R292 million	available in undrawn facilities

OUR PEOPLE

No report on FY2021 could be complete without making a special mention of our people, whose performance during the pandemic has been nothing short of exemplary. Without doubt, seeing the strength and commitment of our staff was, for me, the most significant takeout from the period. We have always known that we have incredible property assets but the realisation is now that our people are just as great a part of our success story.

Special mention has to be made of our centre management staff who worked excruciating hours to ensure that our shopping centres were the safest public place within the areas that they operated. The care and compassion displayed by our staff towards our communities have not gone unnoticed and will stand us in good stead in the times to come.

All centre and marketing managers were granted ex-gratia bonuses related to their performance during the pandemic. We are also pleased to note that Exemplar not only increased its staff complement during the year but kept all staff on their full salaries. In addition, all staff received salary increases in line with CPI.

Whilst our response to COVID-19 is covered in detail on page 18, two items are worthy of mentioning here:

Founded by Exemplar, #MasksforGood empowered local township-based seamstresses to produce over 40 000 reusable cloth face masks that were handed out for free to shoppers across the portfolio.

We also co-founded the One People Fund with Capstone Property Group. This interim relief fund has, in conjunction with the Click Foundation, distributed food for 7.34 million meals to needy communities to date. Special thanks go to both Liberty Two Degrees and Heriot Properties for supporting this initiative in 2020.

OUTLOOK AND STRATEGY

From a strategic point of view, Exemplar remains focused on being the premier landlord within the township and rural retail market. With 38 years of experience focused solely on this niche and, with multiple growth opportunities, we foresee no change in our current strategy.

Whilst the current macro-economic outlook remains poor at best, Exemplar's outlook shines a light on the possibility of what can be. With a solid portfolio of defensive assets, a strong pipeline of acquisition opportunities and an incredible team managing them, we expect the portfolio to outperform the market in the years to come.

Despite this positive outlook, given the uncertainties surrounding the pandemic, we will not be providing further guidance for the year ahead at this time.

CLOSURE

The year 2020 goes down in my life as the closest to a 'state of war' that I've experienced. Against an unknown, invisible enemy, I am proud of how we fought back with kindness, compassion, fairness and understanding.

We have no doubt that the efforts of our people over the past year will continue to pay handsome dividends, as our assets have become shelters within the storm, pulling our communities together, just as the pandemic tried to rip them apart.

We have never been closer to our people and if I have to thank COVID-19 for one thing, it would be for that - for repurposing our outlook and for getting us back into our boots and getting us all rolling up our sleeves, together.

It has been one hell of a year, but from the hottest fire comes the strongest steel. I, for one, am very excited to see just what this team is capable of, at its new temper, in the more certain times to come.

JASON McCORMICK

CEO

CHRIS HANI CROSSING

Vosloorus, Gauteng

DUNCAN A CHURCH
CFO

CFO REPORT

While the impact of the pandemic and its subsequent challenges in FY2021 cannot be denied, the defensive nature of our portfolio has ensured that, on a basis relative to the property sector, we have been shielded from the worst of it. The excellent locations of our assets in areas that are not over-traded, as well as reasonable rental levels which were made possible by containing construction and operating costs, have all contributed to the defensiveness of the portfolio.

In current circumstances, we would particularly attribute the resilience to the quality tenant mix focused on essential goods and services. This is perhaps best illustrated by trading densities. Our anchor tenants averaged a trading density per retail m² of R3 965 against R3 729 in the prior year, an increase of 6.3%. Against this, our fairly benign average rental through-rate during the period of R137,33 assisted many tenants. In our and our tenants' best interests, we also strive to contain total cost of occupancy by actively managing operating costs.

Having said that, we have not emerged FY2021 unscathed. The lockdown regulations forced many tenants to close for extended periods and by operation of the law, we were obligated to provide rental relief. We have also seen some tenants come under pressure both in terms of rental levels as well as meeting their payment commitments. We have seen an increase in vacancies and arrears, whilst renewing leases at increased levels has met with resistance.

Consistent with prior years, we have distributed 100% of distributable income. We have declared a final dividend for the year of 49.06666 cents per share which, together with the interim dividend of 35.96489 cents per share, equates to 85.03155 cents per share. Our dividend history is as follows:

Cents per share	Interim	Final	Total
FY2019	19,10000	42,74348	61,84348
FY2020	43,77000	48,49859	92,26859
FY2021	35,96489	49,06666	85,03155

The FY2021 total dividend decreased by 7.8%, although the dividend for the six months ended 28 February 2021 increased by 1.2% relative to the corresponding six month period reflecting some return to normality in the latter half of the year. Much of the decrease is attributable to the COVID-19 rental relief, vastly increased credit loss provisions and other COVID-19 related operating expenses. But for these, we would have shown an increase of 8.0% in dividend per share for the year and the effect of each is shown below:

Cents per share	Interim	Final	Total
FY2021	35,96489	49,06666	85,03155
COVID-19 rental relief	8,76844	1,20604	9,97448
Extraordinary credit loss provision	3,57612	0,73498	4,31110
COVID-19 operating expenses	0,30550	0,05559	0,36109
FY2021 adjusted	**48,61495**	**51,06328**	**99,67823**

Most of the pain came in the first half of the year. In the six months ended 28 February 2021, the necessity for COVID-19 rental relief was much reduced as most tenants resumed normal trading hours and payment patterns, generally-speaking, returned to normal. Since September 2020, we have collected 99.9% of billings.

We are confident that, unless further lockdown regulations are introduced that restrict our tenants' ability to trade or there are other significant and unforeseen shocks to the system, FY2022 should see the resumption of steady annual growth in earnings and dividend per share.

PHOLA MALL

KwaMhlanga, Mpumalanga

YEAR-ON-YEAR RESULTS

Rands	GROUP For the 12 months ended 28 February 2021	For the 12 months ended 28 February 2020	Variance
Rental income and recoveries	789 205 961	727 689 878	61 516 083
Property operating costs	(293 282 779)	(263 067 559)	(30 166 252)
Gross profit	**495 923 182**	**464 622 319**	**31 349 831**
Other income	16 827 870	32 885 444	1 851 330
Administrative expenses and corporate costs	(32 621 784)	(32 885 444)	214 692
Operating profit	**480 129 268**	**446 713 415**	**33 415 853**
Investment income	23 753 876	26 759 863	(3 005 987)
Finance costs	(254 754 827)	(184 415 514)	(70 339 313)
Fair value adjustments on investment property	(39 523 959)	113 779 867	(153 303 826)
Fair value adjustments on derivative financial instruments	43 546 036	(22 822 346)	66 368 382
Profit before taxation	**253 150 394**	**380 015 285**	**(126 864 891)**
Taxation	(17 340 855)	9 063 012	(26 403 867)
Profit for the period	**235 809 539**	**389 078 297**	**(153 268 758)**
Other comprehensive income	-	-	-
Total comprehensive income for the period	**235 809 539**	**389 078 297**	**(153 268 758)**
Total comprehensive income attributable to:			
Owners of the parent	231 517 519	361 415 184	(129 897 665)
Non-controlling interest	4 292 020	27 663 113	(23 371 093)
	235 809 539	**389 078 297**	**(153 268 758)**

RENTAL INCOME AND RECOVERIES

Rental income and recoveries reflect an improvement of R61,5 million or 8.5% compared to the prior year. Excluding the effects of operating lease straight-lining, which we remove for purposes of calculating distributable income, the increase was R38,2 million or 5.1%. On a like-for-like basis, excluding the effects of the acquisitions of Katale Square, Mabopane Square (both FY2020) and Mall of Thembisa (FY2021), rental income and recoveries decreased by R5,9 million or 0.8%.

COVID-19 RENTAL RELIEF

It is worth noting, however, that these various measures of changes in rental income and recoveries are after COVID-19 rental relief of R32,2 million granted to tenants. But for this, there would have been an increase (before straight-lining adjustments) on the portfolio as a whole of R70,7 million or 9.5% (R24,6 million or 3.4% on a like-for-like basis).

The rental relief was a consequence of COVID-19 lockdown regulations in terms of which tenants' trading hours were curtailed. Substantially, all rental relief of this nature had ceased by the financial year end. Uncertainty remains as to whether or not we will see a repeat of the restricted trading hours, which would have a detrimental effect on our revenues.

LEASE RENEWALS AND ESCALATIONS

As mentioned above, some tenants experienced financial stress mainly due to their inability to trade without interruption. As a consequence renewing some leases at increased levels in FY2021 was difficult. Although we managed to retain 83.4% of tenants, the average increase in rentals on renewal was only 0.3%. With regard to FY2022, we are budgeting for an increase in rental of 4.4% based on leases concluded as at year end.

VACANCIES

We experienced an increase in vacancies which at year end were 5.3%. Two of the main contributors are Acornhoek Megacity and Mall of Thembisa, which between them account for 47.4% of all vacancies. Acornhoek Megacity's misfortunes are long-standing and previously discussed while Mall of Thembisa opened in late-November 2020 and some tenants will only take beneficial occupation in the first half of FY2022. Some other vacancies have also since been filled and by July 2021, we expect the vacancy level for the portfolio to be substantially improved at 3.5%.

PROPERTY OPERATING COSTS

CREDIT LOSS PROVISIONS

Property operating costs increased by R30,2 million or 11.5%. Much of this substantial increase is attributable to the increase in credit loss provisions of R14 million, reasons for which relate mainly to financial stress suffered by tenants due to COVID-19 lockdown and restricted trading hours. We impair all amounts in arrears in excess of securities held. But for this hopefully not-to-be-repeated exceptional event property operating costs would have increased by 6.1%.

MUNICIPAL RATES AND TAXES

Another contributing factor to the increase in property operating costs, sadly beyond our and the rest of the property sector's control as all protestations seemingly fall on deaf ears, is the increase in municipal rates and taxes which local government seems to have identified as a soft target for purposes of propping up mismanaged municipalities. Municipal rates and taxes increased by R7,6 million or 19.1% (10.3% on a like-for-like basis) in FY2021. Although some of this is contractually recovered from tenants, ultimately the cost is borne by the landlord as the pressure of increased costs of occupancy finds release in lower rentals. No doubt this new found golden goose for the municipalities has a finite life, but at what cost to local economies before then, one wonders?

ROOF-TOP PV

Our roof-top PV project kicked off in earnest in FY2021 and is progressing well. By year end six installations were operational. It is expected that this initiative will contribute to substantially reducing our electricity cost in future years whilst also benefitting the environment. Our PV projects form part of a broader initiative to enhance management of utilities recoveries and we expect to see benefits from this in the coming year.

COST-TO-INCOME RATIOS

In FY2021, there was a deterioration in the cost-to-income ratio from 39.7% to 42.0%. Once again, this is due to COVID-19 rental relief, increased credit loss provisions and other COVID-19 operating expenses. If one makes allowance for these, then the ratio shows good improvement to 38.1%.

Rand	FY2021	FY2020
Property operating costs	(278 141 736)	(263 067 559)
Administrative expenses and corporate costs	(32 548 182)	(32 885 444)
Operating costs	(310 689 918)	(295 953 003)
Rental income and recoveries net of operating lease equalisation	815 268 234	744 606 480
Rental income and recoveries	821 669 596	727 689 878
Operating lease equalisation	(6 401 362)	16 916 602
Cost-to-income ratio	**38.1%**	**39.7%**
Administrative cost-to-income ratio	**4.0%**	**4.4%**

In a difficult year, administrative costs were kept well in check, reducing to 4.2% of rental income and recoveries and 4.0% after adjusting for the COVID-19 anomalies.

OTHER INCOME

Other income consists mainly of property management and leasing fees earned on non-group property assets. Our in-house property management and leasing functions continue to perform well and ensure that we are in control of the day-to-day management of our properties. The leasing team also performs a critical function in ensuring commercially sound and well-structured ab-initio leases for our and McCormick Property Development's new developments.

MABOPANE SQUARE

Mabopane, Gauteng

FINANCE COSTS

During FY2021, the SA Reserve Bank slashed the repo rate by 275bps. As a result, borrowing costs are at all-time lows. The rate on much of our debt was unfortunately locked in at fixed rates. We decided to close out these positions with a view to taking advantage of then current market conditions and entering into new hedges at the lower rates. Our finance costs, as reflected in FY2021, are inclusive of settlement fees paid of R95,2 million. For distribution purposes, these fees are amortised over the remaining lives of the derivative positions settled.

Subsequently, we did enter into new interest-rate swaps and at year end 50% of the utilised facilities were hedged. Our borrowing costs at year end are summarised as follows:

Facilities (R'm)	Rate type	Expiry Date	Margin	All-in rate
850	Fixed	Dec 2023	1.92%	6.22%
435	Fixed	Jan 2024	2.10%	6.23%
850	Floating		1.92%	5.56%
380	Floating		1.68%	5.34%
200	Floating		1.80%	5.44%
146	Floating		1.71%	5.35%
2 861			**1.91%**	**5.81%**

We do expect the current favourable interest rate environment to provide support to distributable income in FY2022.

FAIR VALUE ADJUSTMENTS ON INVESTMENT PROPERTY

On a like-for-like basis (excluding Mall of Thembisa and Kwabhaca Mall), the fair value of the portfolio, which has been determined by an independent third-party valuer, was increased by R24,0 million or 0.41%. The fair value of Acornhoek Megacity has been impaired by R69,9 million which is reflective of our expectation of the reduced net income potential of this asset. The balance of the portfolio has seen a negligible increase in fair value of 1.62%, which is reflective of the uncertainty which currently pervades the property sector and indeed the broader economy, notwithstanding our own expectations of reasonable net income growth from the portfolio as a whole in FY2022.

NET ASSET VALUE

Rand	FY2021	FY2020
Reported net asset value	3 634 347 903	3 600 523 497
Dividend to be declared excluding antecedent adjustment	(161 094 407)	(155 044 276)
Derivative financial instruments	(17 080 649)	26 465 388
Finance lease liabilities	26 866 279	26 464 156
Deferred tax liability	103 080 836	85 739 980
	3 586 119 962	3 584 148 745
Shares outstanding	332 290 686	325 027 765
Net asset value per share	**10.79**	**11.03**

Net asset value per share declined by 24 cents or 2.2%, which is substantially a result of the portion of the settlement fees paid to unwind interest rate hedges to be amortised against future dividends of R46,9 million or 14,13 cents per share.

In future periods this adjustment will have the effect of enhancing NAV as otherwise distributable income will be retained.

LOAN-TO-VALUE RATIO

Rand	FY2021	FY2020
Financial liabilities	2 569 332 792	2 062 810 894
Cash and cash equivalents	(40 662 301)	(47 683 869)
Net debt	2 528 670 491	2 015 127 025
Carrying amount of property related assets	6 567 832 543	5 959 651 487
Total assets per statement of financial position	6 738 606 025	6 126 213 395
Staff share scheme loans	(45 290 167)	(45 489 005)
Trade and other receivables	(57 954 735)	(46 924 878)
Cash and cash equivalents	(40 662 301)	(47 683 869)
Finance lease liabilities	(26 866 279)	(26 464 156)
Loan-to-value ratio	**38.5%**	**33.8%**

The increase in our LTV ratio is, in some part, a consequence of the item discussed above affecting NAV per share but, in the main, is a result of the highly leveraged acquisition of the Mall of Thembisa. Although the ratio increased, at 38.5%, our gearing level is entirely manageable and is a trade-off we are willing to make in return for the benefits we expect this acquisition to deliver. Perhaps more important than the LTV ratio is the interest cover ratio. Excluding the settlement fees paid on interest rate hedges mentioned above, our corporate interest cover ratio for FY2021, as determined in accordance with our loan covenants, was a strong 3.57 times.

At year end, we had unutilised facilities amounting to R292 million. In our most pessimistic views of short-term turbulence, this headroom is wholly adequate to absorb any unforeseen liquidity requirements.

CLOSING THOUGHTS

It is true that FY2021 did not deliver the results that we were expecting at the outset. The reasons for this are clear, however, and virtually all blame can be laid at the door of the COVID-19 hard lockdown regulations experienced mainly during April and May 2020. The reduced trading hours that were forced on our tenants meant that we were obligated in law to provide rental relief. In addition to this, the reduced hours impaired the ability of some of our mainly local tenants to fulfil their payment obligations when trading returned to normal. On reflection, however, it has provided us with a real-life test of how defensive our portfolio assets really are. I am pleased to report that my conclusion is that, if left to trade unhindered, the vast majority of our tenants are able to operate at levels that are sustainable which, in turn, supports the sustainability of our own net income.

In addition to the existing portfolio of income-producing properties, Exemplar has also recently embarked on a strategy to not only grow the portfolio through the acquisition of the McCormick Property Development pipeline but has also entered into arrangements to co-develop additional opportunities in our traditional rural retail segment of the market. Together with other initiatives alluded to above, I am confident that we will report even better results in FY2022.

Lastly, just a big thanks to our entire team, be they at the coal face at the centres or at head office, who have performed remarkably in most exceptional and unprecedented times and have all played a part in delivering what I think, in the circumstances, are great results.

When one talks of great assets, perhaps our people should be top of the list.

DUNCAN A CHURCH

CFO

OUR INVESTMENT AND GROWTH STRATEGY

ACQUISITIONS AND DEVELOPMENTS

Our primary strategy for growth remains one best described as 'quasi-organic' with strict adherence to the fundamentals of property ownership and management.

All 23 properties in our portfolio were developed by MPD, Exemplar's controlling shareholder.

MPD still holds a significant pipeline of greenfield development projects at various stages of maturity and continues to develop these unabated.

Exemplar holds a right of first refusal over the entire MPD development pipeline. Subject to the asset satisfying our investment criteria, the intention is to ultimately acquire all of MPD's interests in these projects upon completion.

MPD currently has two development projects under construction of interest to Exemplar and plans to commence construction on two further developments in 2H2021.

The two currently of interest are:

- Flagstaff Square 10 931m², opening November 2021
- Mamelodi Square 16 365m², opening late 2022

In FY2021, we acquired MPD's interest in the Mall of Thembisa, a 44 781m² GLA regional mall in Thembisa, Gauteng. Constructed under exceptionally difficult pandemic conditions and opening a mere three weeks later than originally programmed (on 20 November 2020), this development is a testament to the tenacity upon which the business is built.

During FY2021, we expanded our growth strategy to encompass development as well as acquisition opportunities.

At this stage, there are two development projects underway, in which Exemplar holds the majority shareholding: Kwabhaca Mall (c.19 088m² GLA) and Bizana Walk (c.8 000m² GLA), both in the Eastern Cape.

This strategy within a strategy is also designed to expand our footprint in the underserviced Eastern Cape. These developments, together with Flagstaff Square and our existing Lusiki Plaza, would bring our presence in this region to four centres.

Current economic conditions, severely exacerbated in FY2021 by the pandemic, have resulted in us being approached on multiple occasions by the sellers of distressed or lesser quality assets. With our experience in this segment and our management team, we could undoubtedly add value. Sellers are, however, almost exclusively after cash as they seek to de-leverage their balance sheets. Cognisant of the need to protect our own borrowing capacity so as to fund our own, typically better yielding developments, preserving our borrowing capacity has proven more compelling than making any of these acquisitions and speaks directly to our desire to maintain quality over quantity.

UTILITIES MANAGEMENT

With the growing significance of mounting utility costs on our tenants' cost of occupation, as well as the increasing prevalence of municipal service delivery failures, Exemplar took a decision to increase its self-sufficiency in the provision of utilities.

Significant investment is being made in the roll out of rooftop-mounted solar PV systems throughout the portfolio. This strategy is not unique to Exemplar as the property sector has recognised the benefits as a result of spiralling electricity prices charged by licenced producers. There is also the benefit of the reduced carbon footprint of our centres.

We continue to invest where possible in water and sewerage self-supply to minimise our exposure to unreliable municipal service delivery.

For the full report on our PV roll out and waste management activities, refer to the next page.

SUSTAINABILITY

Exemplar is committed to minimising the environmental impact of our assets by implementing sustainable, self-sufficient solutions to the challenges currently being faced in terms of utility costs and supply. We are conservationists at heart and are dedicated to maximising the use of natural elements to ensure a portfolio of assets that can function effectively both on and off the grid.

South Africa's economy, as well as the livelihoods of its people, continue to feel the negative impacts of load shedding. As our assets are relatively large energy consumers, we are steadfast in our mission to become as self-sufficient as possible in the provision of utilities across our portfolio.

Since the success of our pilot rooftop photovoltaic (PV) project at Olievenhout Plaza, we have ramped up installation across the portfolio. In the 2020/2021 financial year, we installed approximately 5,4 MW_{DC} at five centres, taking the total installed capacity to 6,3 MW_{DC} whilst strictly adhering to government's COVID-19 lockdown regulations. By the time this report is published, we anticipate having completed eight centres, reaching a total of twelve centres by 2022.

We estimate that the clean energy generated at our centres through the installation of these systems has contributed to, inter alia, a reduction of approximately 1 929 tonnes of coal being combusted, 3 788 tonnes of carbon dioxide being emitted and 5.4 million litres of water being used at Eskom's coal-fired power stations.

If an average annual capacity factor of 23.5% is assumed, it is estimated that the existing generating infrastructure will be able to produce approximately 10,1 GWh_{AC} of solar energy during the next financial year.

This clean energy has the potential to offset the following parameters during the respective period:

COAL USAGE 5,1 kT	WATER USAGE 14,34 ML	CO_2 EMISSIONS 10,02 kT

Since July 2020, we have generated and consumed approximately 3 820 MWh_{AC} of clean energy. Roughly 563,6 MWh_{AC} of the total energy production was generated during peak-energy time-of-use periods (periods of load shedding or load reduction). The roll out as planned for the 2021/2022 financial year will increase the direct current (DC) capacity by about 8,1 MW_{DC}, resulting in a total installed capacity of 14,4 MW_{DC} across the portfolio.

To reduce our demand on the national grid even further, we are also exploring electrical energy storage options for peak demand clipping. Such energy storage systems, in conjunction with the respective time-of-use energy tariffs, will then be utilised to generate some income through energy arbitrage initiatives.

In addition to the rooftop PV projects, our natural capital focus areas are the reduction of waste, diminishing consumption and finding innovative ways to save resources in order to reduce our carbon footprint.

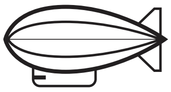
We have identified waste, waste water and domestic water as the areas within which our actions can have the most impact.

WASTE MANAGEMENT

Our policy is to separate waste at source. Separating it into recyclable and non-recyclable waste reduces our impact on landfill deposits, and ultimately our impact on the environment.

CARBON DIOXIDE EMISSIONS REDUCED BY

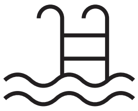
1 317 266 m³ CO_2



the equivalent volume of 161 Zeppelin airships

WATER SAVED

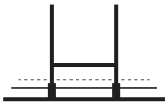
16 881 237 litres



6.5 Olympic sized swimming pools

TREES SAVED

10 981



Enough trees to fill 44 rugby fields

ENERGY SAVED THROUGH RECYCLING

5 579 366 kWh

WATER AND WASTE WATER MANAGEMENT

We continuously conduct tenant and customer engagement and education with active on-site management and acoustic leak detection methods to help reduce unnecessary water wastage within our portfolio.

In addition to the ongoing maintenance and management, we have implemented numerous water conservation strategies throughout our portfolio. Waste water treatment and recycling facilities allows this water to be used for irrigation as well as rainwater harvesting. The successes of these pilot projects speak for themselves, with plans to roll them out to the remainder of the portfolio under consideration.

ALEX MALL *Alexandra, Gauteng*


KATALE
SQUARE

CORPORATE GOVERNANCE

EXEMPLAR

CORPORATE GOVERNANCE REVIEW

This governance review aims to inform Exemplar's stakeholders as to how Exemplar is governed. The board of directors is committed to the highest standards of governance, ethics and integrity, and leading the Company in the best interests of its stakeholders. The board assumes responsibility for being the custodian of governance in the Company and for approving the governance processes within the Company. Governance is supported by the tone at the top and the board accordingly strives to lead by example.

MODI MALL *Modimolle, Limpopo*

BOARD COMPOSITION AND DIVERSITY

The size of the board enables each director to be involved in board meetings and have an adequate sense of responsibility, with each non-executive director acting as the chair of either a committee or the board. The board consists of three executive directors and four independent non-executive directors. The categorisation of the non-executive directors as independent is assessed in accordance with King IV. Each non-executive director provides an annual attestation of their independence and only the executive directors are allowed to participate in the Company's share purchase plan.

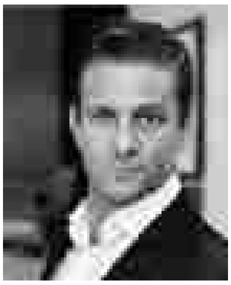
In line with best practice, the chair of the board does not chair the remuneration committee. The executive directors include the CEO and CFO. To ensure that no one director has unfettered powers of decision-making, there is a clear and appropriate balance of power and authority at board level.

To assist the board in fulfilling its responsibilities, the board delegates some of its duties to its committees. Accordingly, the committees 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 judgement and assist with the balance of power and the effective discharge of duties. The board and its committees enable the board to lead ethically and effectively and in line with King IV.

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. In accordance with King IV, the board has adopted a formal policy on the promotion of broader diversity at board level. The board promotes transformation at board level and will, in any new board appointments, consider broader diversity in determining the optimum composition of the board. The current directors have a wide range of skills, including financial, accounting, legal and property experience and knowledge. The board's diversity in skills, knowledge, qualifications and experience allows for enhanced decision making. The board annually considers whether its size and diversity are appropriate to ensure its effectiveness and the board is satisfied that the knowledge, skills and experience of the directors is appropriate to meet the objectives of the Company and result in an efficient board.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS



JASON McCORMICK [42]

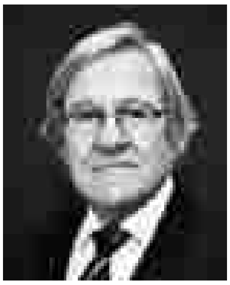
Position:	CEO
Qualifications:	BComm (Economics & Business Management), BComm (Hons) Business Management
Board committee:	Social and Ethics
Date of appointment:	January 2018

Before being appointed CEO of Exemplar in 2018, Jason served in various leadership positions at MPD.

After being educated at Michaelhouse and Stellenbosch University, Jason joined the MPD team in 2002. In 2008 he formed the MPD business development department and was later appointed as managing director of the company. To date, he has been responsible for the development of 27 retail assets totalling over 540 000m².

He currently still serves as both managing director and head of new developments for MPD.

An avid naturalist and conservationist, Jason is also passionate about community upliftment and the positive impact that it can have on the communities within which Exemplar's assets operate.



JOHN McCORMICK [76]

Position: Executive director
Qualifications: BComm (Economics), MBA (Finance)
Date of appointment: January 2018

DUNCAN ALAN CHURCH [48]

Position: CFO
Qualifications: BCompt (Hons), CA(SA)
Date of appointment: January 2018

John founded MPD in 1983 and remains a driving force behind the success of the company. In 2018 he was appointed as an executive director of Exemplar.

Educated at Michaelhouse and the University of the Witwatersrand, John completed his MBA at Stanford University in 1970 before commencing his career in real estate at mass housing developer, WM Lyon Development.

He joined Kirsh Industries in 1973 on his return to South Africa and thereafter, he held various senior positions at Metro Cash & Carry, Southern Sun Hotels and World Furnishers.

As CFO and head of development for World Furnishers, John was responsible for the expansion of the brand within South Africa. It was during this time that he recognised the need for full-service retail in previously under-serviced rural areas, and the foundation for MPD was laid.

Thirty-eight years later, MPD continues to be a market leader in the development of under-serviced, rural retail. To date, under John's leadership, MPD has developed 68 properties and boasts a pipeline of an additional 13 developments within the next five years.

Duncan has served as CFO of Exemplar since its listing in June 2018.

After completing his articles at PKF (Jhb) Inc in 1999 and qualifying as a chartered accountant, Duncan was appointed as partner and head of corporate finance in 2004. When the Johannesburg offices of PKF and Grant Thornton merged in 2013, he was appointed head of corporate advisory of the merged entity.

During his tenure at the above firms, 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 also served as a member of the firm's executive management committee for more than a decade.

INDEPENDENT NON-EXECUTIVE DIRECTORS

FRANK MICHAEL BERKELEY [64]

Position: Chair
Qualifications: BComm, BAcc, CA(SA)
Board committee: Audit and Risk, Remuneration
Date of appointment: January 2018
Other directorships: Growthpoint

Frank has been involved in the property sector for over 30 years. He attended the University of the Witwatersrand and qualified as a chartered accountant in 1982.

After serving several years as managing director of Group Five's residential development business during the 1980s and early 1990s, he started his 20-year tenure at the Nedbank group in 1994.

In 1997 he was appointed the managing executive of Nedcor Investment Bank's property finance division and, in 2004, he was appointed managing executive of Nedbank Corporate Property Finance.

Frank has vast experience in both the equity and debt financing of all aspects of the property industry and served as a director on the boards of Sycom Property Fund (18 years) and Acucap (11 years) until their acquisition by Growthpoint. He currently serves on the Growthpoint board.

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, before its sale to Hyprop.

ELIAS PHATUDI MAPONYA (PHATUDI) [56]

Position: Non-executive director
Qualifications: BProc, LLB, HDIP Company Law
Board committee: Audit and Risk, Social and Ethics (Chair)
Date of appointment: January 2018

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.

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 stockbroking firm registered with the JSE; and executive chair of North West Transport Investments.

GREGORY VICTOR CHARLES AZZOPARDI [60]

Position: Non-executive director
Qualifications: BA, LLB, BBA
Board committee: Social and Ethics, Remuneration (Chair)
Date of appointment: January 2018

PETER JOEL KATZENELLENBOGEN [75]

Position: Lead independent director
Qualifications: BComm (Acc), CA(SA)
Board committee: Remuneration, Audit and Risk (Chair)
Date of appointment: January 2018

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

He later practised as an attorney with Deneys Reitz of Durban and then joined Prefcor Limited, later McCarthy Retail Limited.

Greg initially managed legal and company secretarial matters at Prefcor/McCarthy but was later appointed to lead the group real estate team. Thereafter he was appointed as operations general manager for a retail training division.

After a year with a property company he was appointed as group property director for Mr Price Group Limited, a position he held for a month short of nineteen years. In this role, he led the group real estate team to drive significant retail space growth.

Greg also consulted for the Rokwil group of companies until August 2019. Rokwil's sphere of operations included commercial property development, bulk earthworks and civil contracting.

He has served in various office bearing positions for the South African Council of Shopping Centres (SACSC), culminating in two consecutive terms as national president.

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 served as managing partner from 2000.

He served as 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.

BOARD MEETINGS

The board meets formally every quarter or four times per year and, if required, more often. The chair, in consultation with the company secretary, is responsible for setting the agenda for each meeting. The directors and their attendance at board meetings for the year under review is as follows:

Board members	Meetings attended
Jason McCormick (CEO)	4/4 meetings (100%)
Duncan A Church (CFO)	4/4 meetings (100%)
John McCormick (executive director)	4/4 meetings (100%)
Frank M Berkeley (chair)	4/4 meetings (100%)
Peter J Katzenellenbogen (lead independent director)	4/4 meetings (100%)
Gregory VC Azzopardi (independent non-executive director)	4/4 meetings (100%)
Elias P Maponya (independent non-executive director)	4/4 meetings (100%)

APPOINTMENTS 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 will have their appointment confirmed by shareholders at the general meeting following their appointment. One-third (or the number nearest to one-third) of the executive and non-executive directors are required to retire annually and are subject to re-election, at the Company's AGM, in accordance with the Company's memorandum of incorporation.

At the previous AGM held on 15 July 2020, the following directors retired by rotation in accordance with the Company's memorandum of incorporation and were re-elected by shareholders voting 100% in favour thereof:

- Frank M Berkeley
- Gregory VC Azzopardi
- John McCormick

At the next AGM to be held on 14 July 2021, the following directors will retire by rotation and offer themselves for re-election:

- Peter J Katzenellenbogen
- Elias P Maponya
- Jason McCormick

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The board provides strategic guidance to safeguard stakeholder value creation and is ultimately responsible for the performance and affairs of the Company. The board's functions are summarised in a charter that embraces King IV's principles of good governance. The charter sets out the board's role, requirements for composition, meeting procedures, as well as the role of the chair and lead independent director. 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:

- approving and steering the Company's strategic direction and ensuring that the strategy is executed by management;
- promoting the legitimate interests of the Company and its stakeholders in a manner that is both ethical and sustainable;
- acting as the custodian of corporate governance;
- ensuring compliance with applicable laws and regulations;
- ensuring the integrity of the Company's external reports; and
- assuming responsibility for the governance and management of risk in the business.

The board is satisfied that it has, during the year under review, fulfilled its responsibilities in accordance with the board charter.

INFORMATION AND PROFESSIONAL ADVICE

Directors are able to obtain independent professional advice at the Company's expense for the proper execution of their responsibilities. Any director has access to any documentation, member of management or staff at any time. They also have unrestricted access to the services of the company secretary.

CONFLICTS OF INTEREST

At the beginning of each board meeting, directors are required to inform the board of any conflicts of interest or potential 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 and such registers are signed by the directors and circulated at board meetings.

A director may be a member of another board and/or accept other board appointments as long as there is no conflict of interest and it does not affect the director's duties.

DIRECTORS' DEALINGS

Directors' dealings in the Company's securities are subject to the Company's policy on dealing in securities and price sensitive information, which prohibits directors and relevant employees from using their position or confidential or price sensitive information to achieve a benefit for themselves or any related third parties, whether financially or otherwise. The policy also 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, alternatively the CEO, and the company secretary retains a record of all such share dealings. Accordingly, the policy sets out to ensure that any dealing in securities takes place in compliance with the JSE Listings Requirements and the Financial Markets Act.

ANNUAL EVALUATION OF PERFORMANCE

The board, its committees and individual directors are monitored every year for effectiveness and performance. In the year under review, an internal assessment was undertaken during March 2021 through questionnaires that covered all areas of the board's and committees' responsibilities. The questionnaires were also utilised to communicate personal observations regarding any strengths and/or areas that may require improvement. Feedback on the assessments was discussed at the May 2021 board meeting and indicated that the board and its committees were functioning effectively.

THE COMPANY SECRETARY

Ananda Booysen is the company secretary and is responsible for the duties set out in section 88 of the Companies Act. She provides professional corporate governance services and guidance to the board and individual members on properly discharging their responsibilities. All directors have access to the advice of the company secretary. In accordance with King IV and the JSE Listings Requirements, an annual evaluation of the company secretary was carried out by the board and it is satisfied that the company secretary continues to demonstrate the required competence, skills, knowledge and experience to fulfil the role. The company secretary is a full-time employee but is neither a director nor a public officer of the Company and maintains an arm's length relationship with the board and individual directors.

KEY LEADERSHIP ROLES

There is a clear distinction between the functions of the chair and CEO and they operate independently of each other, as set out in the board charter.

(1) Chair

The chair of the board, Frank M Berkeley, is an independent non-executive director and his responsibilities include leading the board ethically and effectively and acting as the link between the board and the CEO.

(2) CEO

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

(3) Lead independent director

Despite the chair being an independent non-executive director, Peter J Katzenellenbogen has been appointed as the lead independent director in accordance with the recommendations in King IV. His functions include leading the board in the absence of the chair or where the chair's independence is considered impaired due to a conflict of interest, and serving as a sounding board for the chair.

BOARD COMMITTEES

Every committee has a board-approved charter that sets out the committee's duties, 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 to the board and the minutes of all committee meetings are made available to all directors. In other words, there is full transparency and disclosure between the committees and the board.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is nominated by the board and elected by shareholders annually at the Company's AGM. The Audit and Risk Committee consists of three independent non-executive directors. 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. A brief curriculum vitae of each committee member is available on pages 46 to 49 of this IAR. The Audit and Risk Committee meets at least three times per year, with meetings scheduled in line with the Company's financial reporting cycle and special meetings convened when required. The Audit & Risk Committee's full report commences on page 74 of this IAR.

Members	Meetings attended
Peter J Katzenellenbogen (chair)	3/3 meetings (100%)
Frank M Berkeley	3/3 meetings (100%)
Elias P Maponya	3/3 meetings (100%)
Other regular meeting attendees (by invitation)	Executive directors, group financial manager, representatives from the external auditor and internal audit

REMUNERATION COMMITTEE

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 on relevant issues. The Remuneration Committee is responsible for ensuring that the Company remunerates fairly, responsibly and transparently. The Remuneration Committee meets at least twice per year and special meetings are convened when required. The remuneration report commences on page 60 of this IAR.

Members	Meetings attended
Gregory VC Azzopardi (chair)	2/2 meetings (100%)
Frank M Berkeley	2/2 meetings (100%)
Peter J Katzenellenbogen	2/2 meetings (100%)
Other regular meeting attendees (by invitation)	Executive directors, group financial manager

SOCIAL AND ETHICS COMMITTEE

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 on relevant issues. The Social and Ethics Committee is responsible for ensuring that the Company is a good corporate citizen. The Social and Ethics Committee meets at least twice per year and special meetings are convened when required. The Social and Ethics Committee's full report is available on page 58 of this IAR.

Members	Meetings attended
Elias P Maponya (chair)	2/2 meetings (100%)
Gregory VC Azzopardi	2/2 meetings (100%)
Jason McCormick	2/2 meetings (100%)
Other regular meeting attendees (by invitation)	Head of human resources and marketing, head of communications, head of group operations

KING IV APPLICATION REGISTER

In the year under review, Exemplar has complied with the guidelines set out in King IV

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
1	**The governing body should lead ethically and effectively.**	The board of directors individually and collectively exhibit integrity, competence, responsibility, accountability, fairness and transparency in their conduct. The board leads the Company in a manner that is responsible, accountable, fair and transparent, and so as to ensure the Company's good performance. The board safeguards shareholder value creation by embodying 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. The results of these assessments are tabled at board meetings and 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 sets the tone from the top by creating a culture of ethics, whilst the implementation and enforcement of the Company's code of conduct and ethics has been delegated to management. In accordance with the code of conduct and ethics, the Company is committed to maintaining the highest standards of ethical behaviour, to upholding ethical standards in all its activities and to complying with all prevailing laws that are applicable to its business and the environment in which it operates. The board bears ultimate 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 code of conduct and ethics includes a whistle-blowing policy in terms of which any fraud or unethical behaviour is to be reported. Refer to the report of the Social and Ethics Committee, which has oversight of the Company's ethics, on page 58 of this IAR.
3	**The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.**	The Company strives to be a good corporate citizen by operating its business in a sustainable manner and by acknowledging its responsibility to each of its stakeholders. The Company is undertaking several sustainability initiatives, one of which is rolling out rooftop PV across the portfolio. The Social and Ethics Committee monitors and assesses the Company's activities pertaining to good corporate citizenship. Management reports to the committee on matters relating to employment equity, the prevention of unfair discrimination and corruption, and the contribution of the Company to the communities in which it operates.

	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.**	The board's primary responsibilities include the performance and strategy of the Company. The board meets these objectives by setting values, promoting high standards of corporate governance, approving policies and objectives and ensuring that obligations to its shareholders and other stakeholders are understood and met. The board conducts a strategic planning session, when required. The board maintains strong adherence to the principles of corporate governance and long term sustainability. The board considers risks and opportunities at every board meeting and how these impact on the Company creating value for its stakeholders. The board also makes decisions with regard to potential acquisitions or disposals of properties by the Company.
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 term prospects.**	The board is committed to providing accurate, relevant and timeous information to the Company's stakeholders. Through the Audit and Risk Committee, the board 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 AFS comply with legal requirements and that all material matters are addressed and disclosed to all stakeholders.
6	**The governing body should serve as the focal point and custodian of corporate governance in the organisation.**	The board believes that good governance contributes to value creation in the short, medium and long term and regards good governance as fundamental to the sustainability of the Company. The board is the custodian of corporate governance and manages the Company's relationship with its stakeholders along sound corporate governance principles. The board also ensures 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. Board members accordingly regularly receive information and updates on regulatory and governance matters.
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.**	There is a distinction between the functions of the chair and CEO and they operate independently of each other. 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 reviews its composition on an annual basis and 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 this promotes better decision-making and effective governance. The board wishes to become more diverse in terms of gender and race and will consider appointing an additional board member in due course. Exemplar does not have a nominations committee and the board itself is responsible for ensuring that it 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. Refer to page 50 of this IAR for further information on the composition of the board.

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
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 its board committees, via the committee charters and the delegation of authority framework, without abdicating its own responsibilities. The board annually reviews and approves each committee's charter and the board charter. The committees promote independent judgement and assist the board to effectively discharge its duties, whilst the board retains responsibility for approval of any matter. The details regarding each committee's role and responsibilities, composition, meetings held and areas of focus in respect of FY2021, are disclosed in the corporate governance review commencing on page 43 and each committee report commencing on pages 58, 60 and 74, respectively.
9	**The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.**	An internal evaluation of the board, committees, individual directors, chair, chief executive officer and company secretary was performed through questionnaires during the year under review. The outcome of all performance evaluations was positive, without any major concerns. The board is satisfied that the evaluation process is improving its performance and effectiveness. Training and development needs are discussed on a continual basis and implemented where necessary.
10	**The governing body should ensure that the appointment of, and delegation to, management contribute 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.
11	**The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.**	The board is responsible for ensuring that an effective system has been implemented by management to manage the risks which are or may be impacting on the Company. However, whilst the board has ultimate responsibility for the governance of risk, this function has been delegated to the Audit and Risk Committee. The committee advises and assists the board in respect of overseeing risk governance and management and by setting the direction for how risk should be approached within the Company. A risk management policy is in place and a risk register is maintained and tabled for discussion at Audit and Risk Committee meetings, after which it is presented to the board in order to keep it abreast of any developments pertaining to risk. Refer to the risk management report which commences on page 66 of this IAR.
12	**The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.**	The board bears ultimate responsibility for the governance of technology and information, but this function has been delegated to the Audit and Risk Committee. Accordingly, the Audit and Risk Committee provides assurance that technology and information governance is in place and is effective. The board is conscious of the risks in protecting information and intellectual capital and confirms that processes are in place to ensure the integrity and safeguarding of information. As per the Company's technology and information policy, management ensures that data is protected, accurate, and easily accessible to staff. The Company's IT function is outsourced and governed by a service level agreement, which is reviewed and approved by management.

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
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.**	The board recognises the essential role that compliance with applicable laws and regulations plays in the governance and sustainability of the Company. Whilst the board bears ultimate responsibility for compliance governance, this function has been delegated to the Audit and Risk Committee. The Company's compliance governance policy sets out the Company's direction on how compliance is approached. The head of each department in the Company is required to ensure compliance with such laws, rules and regulations that apply to their respective department. The Company submits to the JSE, on an annual basis, its REIT compliance declaration and annual compliance certificate confirming its compliance with the JSE Listings Requirements. The Company has remained compliant with the Companies Act and its memorandum of incorporation during the year under review and has received no sanctions or fines for contraventions of, or findings of non-compliance with, any statutory obligations.
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.**	Responsibility for remuneration governance has been delegated to the Remuneration Committee, but the board bears ultimate responsibility therefor. In terms of the Company's remuneration policy, remuneration must be fair, responsible and transparent in order to attract, motivate, reward and retain human capital and to promote responsible corporate citizenship. The disclosure of remuneration in the remuneration report is intended to be completely transparent and understandable. In accordance with King IV, both the remuneration policy and the implementation report will be tabled for separate non-binding advisory votes by shareholders at the next AGM. Refer to the remuneration report which commences on page 60 of this IAR. At the previous AGM, 100% of shareholders voted in favour of the approval of the remuneration policy and the remuneration implementation report.
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 the Company's external reports. Various forms of assurance are in place, including oversight by executive and senior management, oversight by the board and committees, and oversight by the external and internal auditors. The external auditor provides assurance to shareholders that the information provided to them fairly presents the Company's financial performance. The internal audit function is outsourced to Moore Johannesburg. The Audit and Risk Committee is satisfied that the Company's current assurance systems are functioning effectively.
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.**	Through its stakeholder engagement policy, the board sets the direction for how stakeholder relations should be approached. The board strives to always provide stakeholders with accurate, complete, timely and relevant information and ensures that each relationship is treated with respect, integrity and honesty. The Company encourages proactive engagement and communication with stakeholders through various channels and platforms. Refer to the stakeholder interaction report on page 22 of this IAR.

SOCIAL AND ETHICS COMMITTEE REPORT

MEMBERS

Elias P Maponya (chair)
Gregory VC Azzopardi
Jason McCormick

The committee submits its report for the financial year ended 28 February 2021.

CHRIS HANI CROSSING *Vosloorus, Gauteng*

FUNCTION AND COMPOSITION OF THE COMMITTEE

The Social and Ethics Committee is a statutory committee and its functions include the duties prescribed in the Companies Act, as well as those outlined in King IV. The revised committee charter, which was reviewed and approved by the board in February 2021, sets out the committee's responsibilities. The committee's key functions include monitoring organisational ethics, sustainable development, stakeholder relationships, and good corporate citizenship.

The committee meets at least twice per year and special meetings are convened when required. Disclosure of meeting attendance is set out on page 53 of the corporate governance review.

The committee comprises two independent non-executive directors and one executive director. The performance of the committee and its members is assessed on an annual basis and the outcome of the current evaluation was satisfactory. Accordingly, the same committee members were re-elected by the board. The committee is satisfied that it discharged all of its responsibilities in the current financial year.

ACTIVITIES OF THE COMMITTEE DURING FY2021

Corporate social investment, B-BBEE rating and employment equity

The period under review saw an increase in humanitarian initiatives undertaken by Exemplar.

As a company that prides itself in providing for its communities, COVID-19 and the subsequent impact of the lockdown created numerous occasions for us to do so. A decision was taken to allocate our full centre marketing budgets towards humanitarian aid in the first six months of the period under review.

Assistance was given via food distributions, mask distributions, COVID-19 education and awareness campaigns, the installation of sanitising stations and the creation of safe social distancing spaces within the parking areas of the shopping centres.

These initiatives, along with our long-standing CSI initiatives, continue to be run through ChangeforGood.co.za. Contributions in excess of R18,8 million have been made to date across the portfolio.

As demonstrated by numerous CSI initiatives, the Company is committed to uplifting local communities in which its shopping centres are situated.

The Company mainly contracts with B-BBEE entities to render services at shopping centres, however, the Company has received a non-compliant rating from its B-BBEE verification agency. The Company continues to remain committed to transformation and is being assisted by BEESA, an external consultant, on how to improve its B-BBEE rating.

The Company's annual employment equity report was timeously submitted to the Department of Labour.

ORGANISATIONAL ETHICS

The committee has oversight of organisational ethics, regularly reviews the Company's code of conduct and ethics and continuously monitors the fraud and ethics hotline. The committee is satisfied that there has been no material breach of the code of conduct and ethics and that no material issues have been reported via the fraud and ethics hotline.

STAKEHOLDER RELATIONSHIPS

The Company remains committed to treating stakeholders with respect, integrity and honesty, and providing them with information that is accurate. The committee is satisfied that the Company's communication with its tenants during COVID-19 and the resultant lockdowns has been satisfactory. Refer to the stakeholder interaction insert on page 22 of this IAR.

SUSTAINABLE DEVELOPMENT: SOLAR POWER

With the assistance of the head of sustainability, the Company made great strides in its sustainability initiatives. At year end, six solar PV installations had been completed. For more information, see the sustainability report commencing on page 39.

ELIAS P MAPONYA

CHAIR SOCIAL AND ETHICS COMMITTEE

REMUNERATION REPORT

MEMBERS

Gregory VC Azzopardi (chair)
Frank M Berkeley
Peter J Katzenellenbogen

The Remuneration Committee is pleased to present its report for the financial year ended 28 February 2021.

DIEPKLOOF SQUARE *Soweto, Gauteng*

INTRODUCTION

The Remuneration Committee is mandated by the board to oversee and govern all aspects of remuneration. The committee provides oversight and makes recommendations on remuneration-related issues to the board for its final approval. The responsibilities of the Remuneration Committee include recommending policies that ensure that the Company remunerates responsibly and transparently, ensuring that the Company remunerates directors fairly in the context of overall employee remuneration in the Company, reviewing the Company's share purchase plan, and ensuring that the remuneration report and the disclosure of director remuneration is comprehensive and transparent.

The responsibilities of the committee have been codified in a charter, which was reviewed, updated and approved by the board in February 2021.

The performance of the committee and its members is assessed on an annual basis in the form of a questionnaire completed by each committee member. The outcome of the evaluation was satisfactory, without any matters of concern noted. The committee is satisfied that it has fulfilled the requirements of its charter in respect of FY2021.

In line with the recommendations of King IV, the committee comprises three independent non-executive directors who are elected annually by the board of directors. For information regarding meeting attendance, refer to page 53.

PART 1:

BACKGROUND STATEMENT

The committee oversees the development of Exemplar's remuneration policy for approval by the board.

CURRENT FOCUS AREAS

In FY2021, the committee focused on, inter alia, the following:

- reviewing, updating and recommending the remuneration policy for approval by the board of directors;
- reviewing the implementation of the remuneration policy;
- ensuring that the Company remunerates fairly, adequately and responsibly;
- reviewing the remuneration of executive directors;
- reviewing the fees of non-executive directors;
- approving the 2020 short term incentive pool for cash bonuses paid to staff in December 2020; and
- the development of key performance indicators for executive directors.

The committee continuously aims to improve the remuneration practices but is satisfied that the remuneration policy has achieved its objectives, that it is aligned with best practice, and that its application will lead to sustained value for all stakeholders.

SHAREHOLDER ENGAGEMENT

The Company is committed to engaging shareholders on its remuneration policy. In accordance with King IV and the JSE Listings Requirements, the remuneration policy and the implementation report will be put to non-binding advisory shareholder votes at the upcoming AGM. Should either the policy or the 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 the policy and implementation report.

At the AGM held on 15 July 2020, shareholders considered the policy and implementation report in respect of FY2020. We are pleased that both the policy and the implementation report received 100% approval.

FUTURE FOCUS AREAS

In FY2022, the committee's focus will include:

- implementation of key performance indicators for executive directors and other staff;
- reviewing the short and long term incentives;
- implementation of short and long term incentive schemes to ensure that the Company remunerates fairly, adequately and responsibly and in accordance with the remuneration policy; and
- benchmarking of directors' fees and/or packages.

PART 2:

OVERVIEW OF THE REMUNERATION POLICY

The purpose of the 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 all employees (including the executive directors) and remains mainly unchanged during FY2021.

TOTAL GUARANTEED PACKAGE

All staff, including the executive directors, are remunerated in terms of their employment contracts that allow for a guaranteed annual package, which is based on an employee's role and responsibilities.

As for staff employed as at 1 June 2018, the Company contributes 50% towards a medical aid scheme.

Employees may contribute either 10% or 12.5% of their gross salary towards the Company's corporate pension fund and benefit scheme. Annual increases are awarded in June of each year and are determined with reference to inflation, employee performance, and Company performance.

VARIABLE REMUNERATION: SHORT TERM INCENTIVE AND LONG TERM INCENTIVE

As a short term incentive (STI), staff are eligible to be awarded an annual cash bonus in December that is linked to both employee performance and Company performance. The bonus pool quantum is approved by the committee.

The long term incentive (LTI) seeks to ensure retention of skills and human capital. The Company has a share purchase plan in terms of which, subject to the approval of the committee, the Company may offer shares to any employee for subscription or purchase on loan funding provided by the Company. The loan bears interest and must be repaid. The purpose of the share purchase plan is to align the interests of the Company's employees with those of the shareholders by providing an opportunity to acquire shares in the Company.

NON-EXECUTIVE DIRECTOR FEES

Non-executive directors are paid a market-related annual fee and, in line with the provisions of King IV, they do not participate in any performance-related remuneration. The Company also pays for all reasonable travel and accommodation expenses incurred. The structure of remuneration for non-executive directors has been amended for the year ending 28 February 2022. The fees proposed by the committee now differentiate the responsibilities of the chair and members of the board and each committee for approval by shareholders at the AGM.

PART 3:

IMPLEMENTATION REPORT

The committee is satisfied that it complied with and fulfilled the objectives of the remuneration policy during the year under review.

GUARANTEED PACKAGE INCREASES IN FY2021

It was agreed that all staff, including the executive directors, would receive a 4% increase from June 2020. However, due to the uncertain effect of the government-imposed lockdowns on the Company, the executive directors opted to defer any decision regarding the implementation of their increase to February 2021, when it was agreed that their 4% increase would be implemented immediately, backdated to June 2020.

VARIABLE REMUNERATION IN FY2021

Due to additional services rendered by centre staff during the initial phases of the COVID-19 pandemic, centre staff were awarded a bonus in June 2020 in the amount of R206 000. Staff were awarded an annual cash bonus in December 2020 in the aggregate amount of R914 000 (compared to an amount of R608 000 in December 2019).

A limit of 10 000 000 shares for purposes of the share purchase plan was approved by shareholders on 10 May 2018. As at year end, 4 350 100 shares were issued against that limit. No further shares have been allocated to any employees during FY2021.

REMUNERATION PAID TO EXECUTIVE DIRECTORS DURING FY2021

In accordance with King IV, single figure reporting has been adopted so as to enhance transparency of executive remuneration by consolidating all relevant information. The table below illustrates the remuneration paid to each executive director during FY2021. The Company does not have any prescribed officers.

Executive directors	Salary paid during FY2021 (Rand)	Short term incentive (bonus) (Rand)	Total remuneration paid during FY2021 (Rand)
Jason McCormick	1 622 500	-	1 622 500
John McCormick	1 622 500	-	1 622 500
Duncan A Church	3 244 500	-	3 244 500

EXECUTIVE DIRECTORS' LONG TERM INCENTIVE

Executive directors	Number of shares issued	Date of issue	Issue price (Rand)
Jason McCormick	1 000 000	31 May 2018	10,00
John McCormick	-	-	-
Duncan A Church	-	-	-

FEES PAID TO NON-EXECUTIVE DIRECTORS DURING FY2021

The non-executive director fees for FY2021 had increased by 4%, as approved by the shareholders. The fees proposed by the committee for FY2022 differentiate the responsibilities of the chair and members of the board and each committee. In terms of the Companies Act, shareholders will have the opportunity to approve the proposed fees by way of a special resolution at the upcoming AGM to be held on 14 July 2021 (refer to special resolution 1 in the notice of AGM) -

	Fees paid during FY2020*	Fees paid during FY2021*
Chair of the board	420 000	436 800
Non-executive director of the board	315 000	327 600

Note that the fees are exclusive of value-added tax (VAT).

PROPOSED FEES FOR FY2022 –

	Frank M Berkeley R	Gregory VC Azzopardi R	Elias P Maponya R	Peter J Katzenellenbogen R
COMPANY				
Chair	440 000			
Other non-executive directors		330 000	330 000	330 000
AUDIT AND RISK COMMITTEE				
Chair				100 000
Other members	60 000		60 000	
REMUNERATION COMMITTEE				
Chair		60 000		
Other members	36 000			36 000
SOCIAL AND ETHICS COMMITTEE				
Chair			40 000	
Other member		25 000		
	536 000	**415 000**	**430 000**	**466 000**

GREGORY VC AZZOPARDI

CHAIR REMUNERATION COMMITTEE

EMOYENI MALL *Emoyeni, Mpumalanga*

RISK MANAGEMENT

The Audit and Risk Committee oversees the annual review of a policy for risk management and recommends this for approval to the board. Accordingly, responsibility for the governance of risk lies with the Audit and Risk Committee, but the board retains oversight of the risk management processes. The risk management processes are comprehensive and ongoing and include risk identification, assessment, analysis, monitoring, control and risk reporting. These processes are implemented by management in the day-to-day operations of the Company.

Exemplar's top risks have been summarised in the table below. Other risks have been identified, but we are reporting on only the ten most significant risks.

	RISK DESCRIPTION	MITIGATION MEASURES
1.	**Depressed macro-economic conditions, compounded by the effects of the COVID-19 pandemic and the ensuing government imposed national lockdown, adversely affecting consumer spend which could place downward pressure on trading densities and lead to reduced rentals, higher tenant arrears, and vacancies.**	- Defensive, strategically-located property portfolio managed by vastly experienced property management team - Constant monitoring of the local trading environment and upgrading or expanding shopping centres on a proactive basis - Access to MPD developments which ensures a pipeline of high-quality assets with growth potential, thereby diluting the risk through further diversification of the property portfolio
2.	**Investment property valuations adversely affected by negative market sentiment, higher capitalisation/discount rates, and reduced net operating income, which in turn threatens balance sheet loan covenants.**	- Apply reasonable, market-related assumptions in investment property valuations - Maintain reasonable gearing levels
3.	**Increased retail space (and increased competition) making tenant retention more difficult and placing downward pressure on rentals.**	- Investment properties are strategically located - Ensure that property assets are well managed and 'destinations' in communities which they serve - Constant monitoring of the local trading environment and upgrading or expanding shopping centres on a proactive basis - Ensure optimal tenant-mix
4.	**Rising cost of debt in the medium to long term due to unfavourable national and global conditions.**	- Well-managed and monitored strategy involving hedging a portion 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 - Maintain reasonable gearing levels

	RISK DESCRIPTION	MITIGATION MEASURES
5.	**Development risk (KwaBhaca Mall and Bizana Walk).**	- Significant development input - Watching brief during construction - Exemplar controls finances - MPD is the principal agent
6.	**Major tenant failure.**	- Constant analysis of trading densities and rent to turnover ratios - Proactive reduction of exposure to identified potentially faltering tenants - Continued engagement with key tenant representatives
7.	**Cost inflation arising from utilities, local councils (rates) and soft services due to statutory wage increases (security, cleaning, etc.), resulting in a significant rise in the operational and municipal cost of properties.**	- Lease correctly structured to ensure maximum cost recovery - Costs monitored against budgets on a monthly basis - Monitoring of increases to municipal valuations and objecting to those increased valuations wherever necessary - Focus on operating efficiencies and general cost-saving initiatives - Monitoring of expense recoveries from tenants and cost-to-income ratios - Investigation and implementation of renewable energy sources - Increasing provision of own sewer treatment and water provision plants
8.	**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 in-house property management team - Professional consultants utilised to ensure local authority approval processes are followed - Investigation and implementation of renewable energy sources (including the roll out of PV across the portfolio) - Increased reliance on own waste treatment and water provision
9.	**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 area of expertise - Company to continually monitor via company secretary and legal counsel, senior management, heads of department, and JSE sponsor
10.	**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

ANNUAL FINANCIAL STATEMENTS

ALEX MALL *Alexandra, Gauteng*

EXEMPLAR

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 rural and township 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 and Company 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)).

CONTENTS

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 and Company financial statements fairly present the state of affairs of the Group and Company 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 and Company 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 28 February 2022 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 80 to 83.

DECLARATION BY GROUP CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors whose names are stated below hereby confim that:

(a) the consolidated and separate annual financial statements set out on pages 84 to 142, fairly present in all material respects the financial position, financial performance and cash flows of Exemplar REITail Limited in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to Exemplar REITail Limited and its consolidated subsidiaries has been provided to effectively prepare the financial statements; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code on Corporate Governance for South Africa, 2016 (King IV). Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The Group and Company financial statements set out on pages 84 to 142, which have been prepared on the going concern basis, were approved by the board of directors on 21 May 2021 and were signed on their behalf by:

JASON MCCORMICK
Chief Executive Officer

DUNCAN ALAN CHURCH
Chief Financial Officer

DECLARATION BY THE 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 2021, and that all such returns and notices appear to be true, correct, and up to date.

ANANDA BOOYSEN
Company Secretary
21 May 2021

AUDIT AND RISK COMMITTEE REPORT

MEMBERS

Peter J Katzenellenbogen (Chair)
Frank M Berkeley
Elias P Maponya

The Audit and Risk Committee is pleased to present its report for the financial year ended 28 February 2021.

FUNCTION AND COMPOSITION OF THE COMMITTEE

The committee operates in accordance with the duties detailed in section 94(7)(f) of the Companies Act, King IV, the Company's memorandum of incorporation and the JSE Listings Requirements. The responsibilities of the committee have been codified in the committee charter, which was updated and approved by the board in February 2021. The key functions of the committee include ensuring the integrity of financial reporting and the audit process, overseeing integrated reporting, reviewing the Company's finance function, overseeing risk, compliance, and the governance of technology and information.

Members of the committee are subject to re-election by shareholders at each AGM. The committee meets at least three times per year and special meetings are convened when required. Attendance at the committee meetings is set out in the corporate governance review contained in the Company's integrated annual report.

The committee assesses its performance on an annual basis. The outcome of the current evaluation was satisfactory and the board is of the view that the chair of the committee has the requisite experience in accounting and financial management.

ACTIVITIES OF THE COMMITTEE DURING FY2021

INTERNAL AUDIT

The committee is responsible for overseeing the internal audit function, which is performed by Moore Johannesburg ('**Moore**'). Moore conducts specific ad hoc audits as instructed by management and the committee. Moore completed their audit of technology and information and the committee ensured that management implemented the required solutions. The next internal audit, which is in respect of recoveries income, is underway.

EXTERNAL AUDITORS

The committee is satisfied that BDO South Africa Incorporated ('**BDO**'), as the external auditors, and Garron Chaitowitz, as the engagement audit partner, are independent of the Company. The committee has reviewed the information detailed in paragraphs 3.84(g)(iii) and 22.15(h) of the JSE Listings Requirements and concluded that BDO and the engagement audit partner are suitable and have the requisite competence, expertise and experience to discharge their responsibilities.

The committee has reviewed BDO's terms of engagement, including the provision of non-audit services, their performance and effectiveness, the proposed audit fee for the year and their report on the annual financial statements. The committee nominates and recommends BDO as auditors, with Garron Chaitowitz as the engagement audit partner, for shareholder approval at the upcoming AGM.

FINANCE FUNCTION REVIEW

The committee considered and has satisfied itself of the resources and expertise of the Company's finance function and of the CFO, who is responsible for the finance function.

RISK MANAGEMENT AND COMPLIANCE

The committee has oversight of the Company's risk management and compliance functions and is satisfied that appropriate risk management processes are in place. The policies prohibit the Company from entering into any derivative transactions not in the ordinary course of business, which policies have been complied with in all material respects.

The committee is satisfied that adequate compliance processes are in place and dealt with any disclosures made via the fraud and ethics hotline.

FINANCIAL STATEMENTS AND THE INTEGRATED ANNUAL REPORT

The committee is satisfied that the internal financial controls have been effective in all material respects and underpin the basis for the preparation of reliable annual financial statements. In addition, the committee has approved the accounting policies applied in the preparation of the annual financial statements.

The committee reviewed the annual financial statements for the year ended 28 February 2021, is of the view that they comply in all material respects with IFRS and recommended them for approval by the board of directors.

The committee also reviewed this IAR and is satisfied that the information is reliable, consistent, fairly represented, prepared in accordance with appropriate reporting standards and conforms to the requirements of King IV and the JSE Listings Requirements. The committee recommended the IAR for approval by the board of directors.

GOING CONCERN STATUS AND SOLVENCY AND LIQUIDITY

The committee reviewed the going concern assertion by management and recommended it for approval by the board. It is satisfied that, as required in terms of sections 4 and 46 of the Companies Act, the board performed a solvency and liquidity test and concluded that the Company will satisfy the test after payment of the final dividend. The solvency and liquidity test was also performed at the interim distribution stage.

PETER J KATZENELLENBOGEN
Chair: Audit and Risk Committee
21 May 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the Group and Company financial statements of Exemplar REITail Limited for the year ended 28 February 2021.

Exemplar is a listed Real Estate Investment Trust (REIT), which owns and manages township and rural retail real estate. The Company was incorporated on 17 January 2018 and commenced trading on 1 June 2018.

Review of financial results and activities

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently with those reflected in note 1.

Full details of the financial position, results of operations and cash flows of the Group and Company are set out in these Group financial statements.

STATED CAPITAL

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

As at 29 February 2020, the Company had 325 027 765 shares in issue. On 10 December 2020, 7 262 921 shares were issued at R10,82 each in respect of the acquisition of Mall of Thembisa (Pty) Ltd.

As at the date of this report, the Company had 332 290 686 shares in issue.

DIVIDENDS

The Group's dividend policy is to consider declaration of 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.

A final dividend of 48,49589 cents per share was paid on 15 June 2020 to the Company's shareholders for the six months ended 29 February 2020. This dividend equated to a total of R 157 633 876. An interim dividend in respect of the six months ended 31 August 2020 of 35,96489 cents per share was declared on 29 October 2020 and paid on 23 November 2020 to the Company's shareholders. This dividend equated to a total of R 116 895 874. Dividends totalling R 2 988 882 were paid to the non-controlling shareholders in three subsidiary companies.

Total dividends declared and paid by the Group after the clawback of antecedent adjustments in respect of the various acquisitions was therefore R 276 913 206.

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 approved a final dividend of 49,06666 cents per share.

The Company uses distribution per share as its key performance measure for JSE Trading Statement purposes.

DIRECTORS' INTERESTS

DIRECTORS' INTERESTS IN EXEMPLAR SHARES

John McCormick and Jason McCormick are beneficiaries of the John McCormick Family Trust (JMFT), which is a 0.69% (2020: 0.71%) shareholder of Exemplar and owns 2 299 385 shares in the Company. Additionally, both are directors of McCormick Property Development (Pty) Ltd (MPD), which is a 60.28% (2020: 59.40%) shareholder of Exemplar and owns 200 318 534 (2020: 193 055 613) shares in the Company.

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 at the last practicable date. No directors have resigned from the Company since the date of incorporation of the Company.

2021						
Directors						**Beneficially held**
	Directly	**Indirectly**	**Associate**	**Total**	**%**	**Number of shares subject to security, guarantee, collateral or otherwise**
Church, DA	1	3,771,301	-	3,771,302	1.13%	-
McCormick, J (Jason)	-	3,213,751	-	3,213,751	0.97%	3,206,576

2020						
Directors						**Beneficially held**
	Directly	**Indirectly**	**Associate**	**Total**	**%**	**Number of shares subject to security, guarantee, collateral or otherwise**
Church, DA	1	3,771,301	-	3,771,302	1.16%	-
McCormick, J (Jason)	-	3,213,751	-	3,213,751	0.99%	3,206,576

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

2021

Associates	Beneficially held by the associate				JMFT interest in the associate	Number of shares subject to security, guarantee, collateral or otherwise
	Directly	Indirectly	Total	%	%	Total
Blouberg Mall (Pty) Ltd	14,557,154	-	14,557,154	4.38%	80.00%	11,645,724
Diepkloof Plaza (Pty) Ltd	16,440,379	-	16,440,379	4.95%	40.00%	6,527,175
Olievenhout Plaza (Pty) Ltd	12,810,228	-	12,810,228	3.86%	100.00%	12,810,228
Modjadji Plaza (Pty) Ltd	7,924,040	-	7,924,040	2.38%	100.00%	7,924,040

2020

Associates	Beneficially held by the associate				JMFT interest in the associate	Number of shares subject to security, guarantee, collateral or otherwise
	Directly	Indirectly	Total	%	%	Total
Blouberg Mall (Pty) Ltd	14,557,154	-	14,557,154	4.48%	80.00%	11,645,724
Diepkloof Plaza (Pty) Ltd	16,440,379	-	16,440,379	5.06%	40.00%	6,527,175
Olievenhout Plaza (Pty) Ltd	12,810,228	-	12,810,228	3.94%	100.00%	12,810,228
Modjadji Plaza (Pty) Ltd	7,924,040	-	7,924,040	2.44%	100.00%	7,924,040

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS

Save as disclosed in the above and disclosed in note 33 - Directors' Emoluments, none of the directors of the Company, has or had any material beneficial interest, direct or 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.

GOING CONCERN

The directors believe that the Group and Company have adequate financial resources to continue in operation for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis. This assessment is supported by the Group's budgeted increase in rentals on renewals and planned renegotiation of debt facility terms. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

AUDITOR

BDO South Africa Incorporated were appointed as auditors for the Group for 2021 in accordance with section 90 of the Companies Act of South Africa.

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 2022 financial period.

SECRETARY

The company secretary is Miss A. Booysen.

The Group financial statements set out on pages 84 to 142, which have been prepared on the going concern basis, were approved by the board of directors on 21 May 2021, and were signed on their behalf by:

JASON MCCORMICK
Chief Executive Officer

DUNCAN ALAN CHURCH
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EXEMPLAR REITAIL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Exemplar REITail Limited (the Group and Company) set out on pages 84 to 142, which comprise the consolidated and separate statements of financial position as at 28 February 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, 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 Exemplar REITail Limited as at 28 February 2021, 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 and Company in accordance with the Independent Regulatory Board of 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, as applicable, 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 corresponding sections of the International Ethics Standards Board for Accountants' International of Ethics for Professional Accountants (including International Independence Standards). 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property **Group and Company** Significant judgements and estimates are required by the directors in determining the fair value of investment property. The Portfolio is valued annually by an external independent valuator - Quadrant Properties Proprietary Limited. The valuations were based on discounted cash flow and income capitalisation 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 and estimates associated with determining fair value and the sensitivity of the valuations to changes in assumptions.	**We performed the following procedures amongst others:** • Assessed the competency, capability 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; • With the assistance of our internal valuation specialist, compared the significant assumptions and judgements 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; • The forecast revenue applied in the first year of both the discounted cash flow (DCF) model and income capitalisation model was assessed for reasonability. The inputs, used to generate the revenue forecast, were agreed to underlying contracts and compared to the current year revenue for reasonability; • The projected property expenses applied in the first year of both the DCF model and income capitalisation model was assessed for reasonability. This was performed by comparison to actual expenses in the current financial period; • We assessed the reasonability of revenue and expense growth rates in the DCF model subsequent to the initial forecast year to underlying lease information, available industry data for similar investment properties and our knowledge of the client; • Performed additional procedures to conclude that the impact of COVID-19 had been appropriately considered for its impact on the investment property at the financial year end; and • In addition, we reviewed the completeness and adequacy of the disclosure in the financial statements, including disclosure on significant inputs and sensitivity analysis.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled 'Exemplar REITail Limited Annual Financial Statements for the year ended 28 February 2021', which includes 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 Report, which is expected to be made available to us after that date. The 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 and will 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 and separate 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, actions taken to eliminate threats or safeguards applied.

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 3 years.

BDO South Africa Inc

BDO SOUTH AFRICA INCORPORATED
Registered Auditors

G M CHAITOWITZ
Director
Registered Auditor

25 May 2021

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

		GROUP		COMPANY	
	Notes	2021 R	2020 R	2021 R	2020 R
Assets					
Non-Current Assets					
Investment property	3	6,410,621,712	5,663,873,398	3,188,204,151	3,281,834,183
Investments in subsidiaries	4	-	-	925,473,269	927,225,144
Operating lease asset	3	157,835,460	151,434,098	97,698,062	103,272,165
Property, plant and equipment	5	4,542,866	1,124,329	1,466,183	652,394
Derivative financial instruments	13	17,080,649	-	9,216,042	-
		6,590,080,687	**5,816,431,825**	**4,222,057,707**	**4,312,983,886**
Current Assets					
Loans to subsidiaries	6	-	-	1,492,158,541	1,214,310,428
Loans receivable	7	49,908,302	220,791,624	45,290,167	215,172,823
Trade and other receivables	8	57,954,735	46,924,878	26,855,922	28,945,729
Cash and cash equivalents	9	40,662,301	47,683,869	31,089,109	33,896,158
		148,525,338	**315,400,371**	**1,595,393,739**	**1,492,325,138**
Total Assets		**6,738,606,025**	**6,131,832,196**	**5,817,451,446**	**5,805,309,024**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Stated capital	10	3,310,533,449	3,235,817,139	3,310,533,449	3,235,817,139
Retained income		323,814,454	364,706,358	157,878,843	305,977,651
		3,634,347,903	3,600,523,497	3,468,412,292	3,541,794,790
Non-controlling interest	11	206,434,950	157,716,367	-	-
		3,840,782,853	**3,758,239,864**	**3,468,412,292**	**3,541,794,790**
Liabilities					
Non-Current Liabilities					
Financial liabilities	12	1,713,332,792	2,062,810,894	1,278,332,792	2,062,810,894
Derivative financial instruments	13	-	26,465,388	-	26,465,388
Lease liabilities	14	24,019,573	23,745,724	12,498,483	13,062,315
Deferred tax	15	103,080,836	85,739,980	66,232,820	55,035,285
		1,840,433,201	**2,198,761,986**	**1,357,064,095**	**2,157,373,882**
Current Liabilities					
Financial liabilities	12	856,000,000	-	856,000,000	-
Trade and other payables	16	198,543,265	166,639,074	80,769,772	72,068,483
Lease liabilities	14	2,846,706	2,718,432	2,167,191	2,100,692
Loans from subsidiaries	17	-	-	53,038,096	31,971,177
Dividend payable		-	5,472,840	-	-
		1,057,389,971	**174,830,346**	**991,975,059**	**106,140,352**
Total Liabilities		**2,897,823,172**	**2,373,592,332**	**2,349,039,154**	**2,263,514,234**
Total Equity and Liabilities		**6,738,606,025**	**6,131,832,196**	**5,817,451,446**	**5,805,309,024**

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Rental income and recoveries	18	789,205,961	727,689,878	435,682,524	424,312,320
Property operating costs	19	(293,282,779)	(263,067,559)	(163,443,144)	(150,334,002)
Gross profit		**495,923,182**	**464,622,319**	**272,239,380**	**273,978,318**
Other income	20	16,827,870	14,976,540	20,965,740	19,844,994
Administrative expenses and corporate costs		(32,621,784)	(32,885,444)	(26,946,323)	(28,249,502)
Operating profit	21	**480,129,268**	**446,713,415**	**266,258,797**	**265,573,810**
Investment income	22	23,753,876	26,759,863	163,356,026	234,166,140
Impairment loss	23	-	-	(29,278,003)	-
Finance costs	24	(254,754,827)	(184,415,514)	(207,713,547)	(182,900,199)
Fair value adjustments on investment property		(39,523,959)	113,779,867	(91,281,652)	82,559,845
Fair value adjustments on derivative financial instruments		43,546,036	(22,822,346)	35,681,430	(22,822,346)
Profit before taxation		**253,150,394**	**380,015,285**	**137,023,051**	**376,577,250**
Taxation	25	(17,340,855)	9,063,012	(11,197,535)	8,271,804
Profit for the period		**235,809,539**	**389,078,297**	**125,825,516**	**384,849,054**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**235,809,539**	**389,078,297**	**125,825,516**	**384,849,054**
Profit attributable to:					
Owners of the parent		231,517,519	361,415,184		
Non-controlling interest	11	4,292,020	27,663,113		
		235,809,539	**389,078,297**		
Total comprehensive income attributable to:					
Owners of the parent		231,517,519	361,415,184		
Non-controlling interest		4,292,020	27,663,113		
		235,809,539	**389,078,297**		
Earnings per share					
Basic and diluted earnings per share (cents)	32	70,83437	112,20928		

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2021

					GROUP
	Stated capital	Retained income	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
	R	R	R	R	R
Balance at 28 February 2019	**3,185,487,085**	**277,515,153**	**3,463,002,238**	**146,119,957**	**3,609,122,195**
Shares issued for acquisitions	56,242,730	-	56,242,730	-	56,242,730
Shares issued to share scheme	950,000	-	950,000	-	950,000
Pre-acquisition adjustments	(6,862,676)	-	(6,862,676)	-	(6,862,676)
Profit for the period	-	361,415,184	361,415,184	27,663,113	389,078,297
Dividends paid	-	(274,223,979)	(274,223,979)	(10,593,862)	(284,817,841)
Dividends payable	-	-	-	(5,472,841)	(5,472,841)
Balance at 29 February 2020	**3,235,817,139**	**364,706,358**	**3,600,523,497**	**157,716,367**	**3,758,239,864**
Shares issued for acquisitions	78,319,753	-	78,319,753	-	78,319,753
Non-controlling interest on acquisition of subsidiaries	-	-	-	47,415,445	47,415,445
Pre-acquisition adjustments	(3,603,443)	1,514,901	(2,088,542)	-	(2,088,542)
Profit for the period	-	231,517,519	231,517,519	4,292,020	235,809,539
Dividends declared and paid	-	(273,924,324)	(273,924,324)	(2,988,882)	(276,913,206)
Balance at 28 February 2021	**3,310,533,449**	**323,814,454**	**3,634,347,903**	**206,434,950**	**3,840,782,853**
Notes	10			11	

			COMPANY
	Stated capital	Retained income	Total equity
	R	R	R
Balance at 28 February 2019	**3,185,487,085**	**195,352,576**	**3,380,839,661**
Shares to be issued for acquisitions	56,242,730	-	56,242,730
Shares issued to share scheme	950,000	-	950,000
Pre-acquisition adjustments	(6,862,676)	-	(6,862,676)
Profit for the period	-	384,849,054	384,849,054
Dividends paid	-	(274,223,979)	(274,223,979)
Balance at 29 February 2020	**3,235,817,139**	**305,977,651**	**3,541,794,790**
Shares issued for acquisitions	78,319,753	-	78,319,753
Pre-acquisition adjustments	(3,603,443)	-	(3,603,443)
Profit for the period	-	125,825,516	125,825,516
Dividends paid	-	(273,924,324)	(273,924,324)
Balance at 28 February 2021	**3,310,533,449**	**157,878,843**	**3,468,412,292**
Note	10		

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2021

		GROUP		COMPANY	
	Notes	2021 R	2020 R	2021 R	2020 R
Cash flows from operating activities					
Cash generated from operations	26	494,916,262	459,700,800	295,890,407	280,367,171
Interest income		23,753,876	26,759,863	108,837,299	124,995,547
Finance costs		(250,974,710)	(180,699,855)	(205,539,158)	(180,670,856)
Dividend income		-	-	54,518,727	109,170,592
Dividends paid	31	(282,386,046)	(284,817,841)	(273,924,324)	(274,223,979)
Net cash from operating activities		**(14,690,618)**	**20,942,967**	**(20,217,049)**	**59,638,475**
Cash flows from investing activities					
Additions to investment property	3	(61,047,555)	(223,688,356)	(10,814,430)	(6,653,154)
Purchase of property, plant and equipment	5	(3,443,592)	(730,967)	(1,138,904)	(549,646)
Loans receivable repaid	29	580,307,425	228,438,535	580,307,425	228,438,535
Loans receivable advanced	29	(409,424,103)	(398,260,887)	(410,424,769)	(398,260,887)
Loans to subsidiaries advanced	28	-	-	(467,864,267)	(476,147,174)
Loans to subsidiaries repaid	28	-	-	237,206,336	220,299,032
Net cash from investing activities		**106,392,175**	**(394,241,675)**	**(72,728,609)**	**(432,873,294)**
Cash flows from financing activities					
Pre-acquisition adjustment		(2,088,542)	(6,862,676)	-	-
Loans from subsidiaries advanced	30	-	-	36,540,000	4,024,973
Loans from subsidiaries repaid	30	-	-	(15,473,081)	(9,794,633)
Repayment of lease liabilities	14	(3,156,481)	(2,358,708)	(2,450,208)	(2,349,572)
Increase in financial liabilities	27	573,907,667	1,070,592,349	738,907,667	1,070,592,349
Decrease in financial liabilities	27	(667,385,769)	(703,240,903)	(667,385,769)	(703,240,903)
Net cash from financing activities		**(98,723,125)**	**358,130,062**	**90,138,609**	**359,232,214**
Total cash at beginning of the period		47,683,869	62,852,515	33,896,158	47,898,763
Total cash movement for the period		(7,021,568)	(15,168,646)	(2,807,049)	(14,002,605)
Total cash at end of the period	9	**40,662,301**	**47,683,869**	**31,089,109**	**33,896,158**

ACCOUNTING POLICIES

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 and Company 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.

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.

The accounting policies are consistent with those applied in the prior periods.

1.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as judgements used in accounting for the acquisitions of the asset portfolios and effective dates. 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

JUDGEMENTS
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Accounting policies
Note 1.3 - Consolidation: whether the Group has de facto control over an investee;
Note 1.4 - Joint arrangements: in assessing the substance of an investor's interest;
Note 1.5 - Investment property: in determining the appropriate inputs to estimate the fair value of the investment property; and
Note 1.10 - Leases: whether an arrangement contains a lease.

Acquisition of assets and liabilities - note 37
The appropriate accounting treatment of acquisitions requires judgement in the determination of whether a transaction meets the definition of a business combination in terms of IFRS 3 and in conducting a control assessment in accordance with IFRS 10 to determine whether control has been obtained.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 28 February 2021 is included in the following notes:

Investment property valuation - note 3
The revaluation of investment property requires subjectivity and significant estimation uncertainty in the determination of future cash flows from leases and an appropriate capitalisation and discount rate. Changes in the capitalisation or discount rate attributable to changes in market conditions can have a significant impact on property valuations. The collateral impact of the COVID-19 pandemic currently permeating the economy intensifies the level of uncertainty and subjectivity, therefore more prudent and conservative consideration has been given to the assumptions and other sources of estimation uncertainty applied in determining the fair value of investment property.

Impairment of non-financial assets - note 5
The Group tests whether assets have suffered any impairment in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on future cash flows discounted to their present value using appropriate rates. Estimates are based on interpretation of generally accepted industry-based market forecasts.

Impairment of staff scheme loans - note 7
Staff scheme loans under the share purchase scheme were granted to staff to align the interests of staff, management and executive directors to shareholders. The impairment and recoverability of the staff scheme loans requires key assumptions and estimation uncertainty. The components of the calculation that have a significant risk of resulting in a material adjustment to the carrying amount within the next financial year are those of employee longevity and the value of the shares. This risk is mitigated by the employee obligation to settle the difference between the value of the shares and the outstanding loan balance on cessation of employment. No debt to any staff member has been written off and the full loan amounts owing to Exemplar still remain.

Impairment of receivables - note 8
In these unprecedented times, determining the recoverability of receivables is a key source of estimation uncertainty for most companies due to the high concentration of customers likely to be facing financial difficulty or insolvency. Management has therefore given careful consideration to indicators that their customers may be experiencing financial difficulty, such as later than normal payments or partial payments, and recognise impairment losses or makes realistic provisions based on the losses expected, as necessary to the applicable reporting framework.

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, less transaction costs.

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 share of the revenue from the sale of the output by the joint operation; and
- its share of 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.

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

Leased property
At the beginning of an arrangement, the Group assesses whether or not it contains a lease. An agreement is or contains a lease if it transfers the right to control the use of an asset identified for a period of time in exchange for consideration.

The present value of the lease liability on commencement date equals the fair value of the right of use asset, if determinable (i.e. rate implicit in the lease). If not determinable, the present value of the lease is calculated using the discount rate used to initially value the property. At the commencement date, a lessee shall measure the right of use asset at cost.

The cost of the right of use asset shall comprise:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received; and
(c) any initial direct costs incurred by the lessee.

The arrangement whereby a property is held under a lease and leased out under operating leases is considered to a be a sublease, and classified as investment property and stated at fair value.
In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying IFRS 16 paragraph 6, the sublease shall be classified as an operating lease.
(b) otherwise, the sublease shall be classified by reference to the right of use asset arising from the head lease, rather than by reference to the underlying asset.

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 and fixtures	10 years
Motor vehicles	5 years
Office equipment	5 years
Solar equipment	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.

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 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.

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.

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 comprise long term loans from various financial institutions which accrue interest over the pre-determined loan period.

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.

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 at amortised cost 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 the definition of default.

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, certain forward-looking information and the risks specific to the asset.

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
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 IFRS 16. 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 expected credit losses (ECLs) at each reporting date, right from origination.

Trade and lease receivables are impaired using the simplified approach in terms of IFRS 9. Lifetime ECLs are recognised using a provision matrix. A provision matrix for each business unit is generated by:
- Calculating historical loss ratios for each trade and lease 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 rural and township 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. Factors considered when monitoring credit risk and determining write-offs include the financial status of the debtor or counterparty, existence and quality of security, disputes and failure of the debtor to engage on payment plans or untraceable debtors.

Impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. Judgement, based on past history, existing market conditions and forward looking estimates of economic growth and forecast of retail sales, are used in making these assumptions.

Loan receivables
A significant increase in credit risk, in the context of IFRS 9, is a significant change in the estimated default risk. A default event is the failure of a customer to fulfil an obligation to settle monies owed to the Group in a timely manner. The Group uses a forward-looking approach to assess significant increase in credit and default risk of customers as part of the entity's internal credit risk management practices, that incorporates value judgments, market indicators and dealing with other relevant qualitative factors. This assessment is conducted each reporting date and entails consideration of changes in the risk of default occurring over the expected life, rather than changes in the amount of ECL if the default were to occur. Once assessed, the Group will consider write off when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

1.9 LEASES

A lease, where the Group acts as a lessor, 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.

A lease liability and right of use asset is recognised for all leases where the Group acts as a lessee, except for those of low value and short-term.

Operating leases - lessor
Where the Group is acting as a lessor, it classifies each of its leases as either an operating or finance lease based on whether a significant portion of the risks and rewards of ownership are retained by the lessor or not. Due to the nature of the Group's lease agreements, they are considered to be operating leases. Operating lease income is recognised as an income on a straight-line basis over the lease term.

Turnover rentals (variable rentals based on the turnover achieved by a tenant) are included in revenue when the amounts can be reliably measured.

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
Refer to investment property (accounting policy note 1.5).

1.10 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. Revenues associated with operating expense recoveries are recognised in the period in which the expenses are incurred.

1.11 INVESTMENT INCOME

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 OTHER INCOME

Administration and management fees received are recognised when the services are rendered.

1.13 PROPERTY OPERATING EXPENSES

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

1.14 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.

1.15 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, after deducting the qualifying distribution for that year of assessment, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

In accordance with the Group's status as a REIT, the dividend declared meets the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act, 58 of 1962, (as amended) (the 'Income Tax Act').

Deferred tax is provided using the statement of financial position method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.

1.16 FINANCE COSTS

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

1.17 SEGMENTAL REPORTING

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. 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.

1.19 EARNINGS PER SHARE

The Group presents basic earnings per share and headline earnings per share. 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 in accordance with SAICA Circular 01/2019.

There are no dilutionary instruments in issue.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 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 2022 or later periods:

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
The IASB issued Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IFRS 3: Reference to the Conceptual Framework
The IASB has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to IFRS 9: Financial Instruments
The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to IFRS 16: Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

The Group expects to adopt the amendments to the standards for the first time in the 2023 group financial statements.

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

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
3. INVESTMENT PROPERTY					
Net carrying value					
Carrying value		6,174,669,009	5,388,396,736	3,095,503,465	3,097,851,845
Cumulative fair value adjustments		235,952,703	275,476,662	92,700,686	183,982,338
		6,410,621,712	**5,663,873,398**	**3,188,204,151**	**3,281,834,183**
Reconciliation of investment property					
Investment properties at the beginning of the period		5,663,873,398	5,270,795,374	3,281,834,183	3,195,183,635
Additions		60,782,753	20,518,012	10,814,430	6,653,154
Disposals / Adjustments to cost		-	(19,219,855)	(13,162,810)	(2,562,451)
Properties acquired by Group	37	725,489,520	278,000,000	-	-
Fair value adjustments		(39,523,959)	113,779,867	(91,281,652)	82,559,845
Balance at the end of the period		**6,410,621,712**	**5,663,873,398**	**3,188,204,151**	**3,281,834,183**
Reconciliation to independent valuation					
Investment property as per valuation		6,541,590,893	5,788,843,340	3,271,236,539	3,369,943,340
Operating lease assets		(157,835,460)	(151,434,098)	(97,698,062)	(103,272,164)
Lease liabilities		26,866,279	26,464,156	14,665,674	15,163,007
		6,410,621,712	**5,663,873,398**	**3,188,204,151**	**3,281,834,183**

Security over properties

The investment properties have 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.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

3. INVESTMENT PROPERTY (CONTINUED)

2021	Significant unobservable inputs and range of estimates used			
Geographical location	Capitalisation rate	Discount rate	Growth projection in revenue	Growth projection in contractual expenses
Gauteng	8.00% - 9.25%	13.50% - 14.75%	6.01% - 7.71%	5.75%
Mpumalanga	8.25% - 12.00%	13.75% - 17.50%	5.99% - 6.67%	5.75%
KwaZulu Natal	9.00% - 10.00%	14.50% - 15.50%	6.48% - 7.01%	5.75%
Limpopo	8.75% - 9.25%	14.00% - 14.75%	(10.96%) - 6.97%	5.75%
Eastern Cape	9.25%	14.75%	6.65%	5.75%

2020	Significant unobservable inputs and range of estimates used			
Building location	Capitalisation rate	Discount rate	Growth projection in revenue	Growth projection in contractual expenses
Gauteng	8.00% - 9.25%	14.00% - 15.25%	7.88% - 8.51%	8.66% - 9.40%
Mpumalanga	8.25% - 10.25%	14.25% - 14.00%	7.91% - 8.34%	8.61% - 9.17%
KwaZulu Natal	9.00% - 9.75%	15.00% - 15.75%	8.04% - 8.22%	8.51% - 8.94%
Limpopo	8.75% - 9.25%	13.50% - 15.25%	7.94% - 8.47%	7.18% - 9.24%
Eastern Cape	9.25%	15.25%	7.89%	8.72%

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

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

3. INVESTMENT PROPERTY (CONTINUED)

Inter-relationship between key unobservable inputs and fair value measurements

The valuations of the investment properties are sensitive to changes in the unobservable inputs used in such valuations. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of the investment property and fair value adjustment in profit or loss:

Input	Change %	R	R
Increase in capitalisation rate	1.00	(729,607,096)	(642,428,935)
Decrease in capitalisation rate	1.00	729,607,096	642,428,935
Increase in discount rate	1.00	(439,435,113)	(399,530,073)
Decrease in discount rate	1.00	439,435,113	399,530,073
Increase in projected revenue growth rates	1.00	(729,607,096)	(642,428,935)
Decrease in projected revenue growth rates	1.00	729,607,096	642,428,935
Increase in projected expense escalation rate	10.00	(1,240,161)	(386,155)
Decrease in projected expense escalation rate	10.00	1,240,161	386,155

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. The fair value of investment property is categorised as a level 3 recurring fair value measurement and there has been no transfer between levels in the current year. 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 2021.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

3. INVESTMENT PROPERTY (CONTINUED)

Weighted average rental per m² for rentable area

Property	2021 R/m²	2020 R/m²
Acornhoek Megacity	107,63	125,54
Alex Mall	138,18	132,62
Atteridge Stadium Centre	178,38	165,98
Blouberg Mall	142,49	133,35
Chris Hani Crossing	178,31	175,58
Diepkloof Square	156,17	143,25
Greater Edendale Mall	112,47	107,63
Emoyeni Mall	114,21	120,66
Jane Furse Plaza	174,24	162,94
Katale Square	116,95	103,07
Kwagga Mall	151,92	140,46
Lusiki Plaza	126,33	120,03
Maake Plaza	139,27	133,96
Mabopane Square	132,41	130,30
Mall of Thembisa	135,87	-
Mandeni Mall	128,15	131,06
Modi Mall	106,59	100,31
Modjadji Plaza	152,81	142,24
Olievenhout Plaza	150,80	142,08
Phola Mall	134,11	123,10
Theku Plaza	137,93	128,28
Thorntree Shopping Centre	144,82	138,61
Tsakane Mall	180,56	173,95

4. INVESTMENTS IN SUBSIDIARIES

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

Name of company		2021 % holding	2021 Carrying amount R	2020 % holding	2020 Carrying amount R
Alex Mall (Pty) Ltd		100,00	174,956,260	100,00	174,956,260
Exemplar Leasing (Pty) Ltd		100,00	100	100,00	-
Exemplar Utilities (Pty) Ltd		100,00	100	-	-
Katale Square (Pty) Ltd		100,00	19,373,775	100,00	19,373,775
Mabopane Square (Pty) Ltd	23	100,00	36,277,727	100,00	36,868,955
Maake Plaza (Pty) Ltd	23	100,00	74,359,726	100,00	92,780,852
Mall of Thembisa (Pty) Ltd		50,10	27,525,327	-	-
Mandeni Plaza (Pty) Ltd		50,00	25,881,595	50,00	25,881,595
Modi Mall (Pty) Ltd	23	100,00	53,143,558	100,00	63,409,206
Mount Frere Square (Pty) Ltd		100,00	600	-	-
Phola Mall (Pty) Ltd		53,00	77,416,382	53,00	77,416,382
Theku Plaza (Pty) Ltd		82,50	84,396,835	82,50	84,396,835
Tsakane Mall (Pty) Ltd		100,00	352,141,284	100,00	352,141,284
			925,473,269		**927,225,144**

The carrying amounts are stated net of impairments.

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.

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
5. PROPERTY, PLANT AND EQUIPMENT					
Computer equipment		358,849	231,884	249,797	216,935
Cost		541,997	276,148	416,287	261,198
Accumulated depreciation		(183,148)	(44,264)	(166,490)	(44,263)
Furniture and fixtures		606,504	702,828	204,254	258,421
Cost		1,110,899	939,558	349,139	349,139
Accumulated depreciation		(504,395)	(236,730)	(144,885)	(90,718)
Office equipment		732,892	31,568	388,497	18,989
Cost		1,197,838	177,388	641,120	148,653
Accumulated depreciation		(464,946)	(145,820)	(252,623)	(129,664)
Motor vehicles		623,635	158,049	623,635	158,049
Cost		697,326	172,364	697,326	172,364
Accumulated depreciation		(73,691)	(14,315)	(73,691)	(14,315)
Solar equipment		2,220,986	-	-	-
Cost		2,228,813	-	-	-
Accumulated depreciation		(7,827)	-	-	-
		4,542,866	**1,124,329**	**1,466,183**	**652,394**
Reconciliation of property, plant and equipment					
Property, plant and equipment at the beginning of the period		1,124,329	796,241	652,394	375,728
Additions		**3,443,592**	**730,964**	**1,138,904**	**549,646**
Computer equipment		221,921	250,989	154,970	236,039
Furniture and fixtures		-	290,303	-	13,548
Office equipment		486,425	17,308	477,502	127,695
Motor vehicles		506,433	172,364	506,432	172,364
Solar equipment		2,228,813	-	-	-
Assets acquired on acquisition	37	510,480	-	-	-
Computer equipment		43,810	-	-	-
Furniture and fixtures		83,944	-	-	-
Office equipment		382,726	-	-	-
Depreciation		**(535,535)**	**(402,876)**	**(325,115)**	**(272,980)**
Computer equipment		(138,765)	(44,264)	(122,107)	(44,263)
Furniture and fixtures		(180,268)	(204,457)	(54,167)	(90,718)
Office equipment		(167,827)	(139,840)	(107,993)	(123,684)
Motor vehicles		(40,848)	(14,315)	(40,848)	(14,315)
Solar equipment		(7,827)	-	-	-
		4,542,866	**1,124,329**	**1,466,183**	**652,394**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
6. LOANS TO SUBSIDIARIES				
Alex Mall (Pty) Ltd			298,618,431	306,338,702
The loan is unsecured, bears interest at 7.01% (2020: 9.5%) and is repayable on demand.				
Exemplar Leasing (Pty) Ltd			749,900	2,000
The loan is unsecured, bears no interest and is repayable on demand.				
Exemplar Utilities (Pty) Ltd			42,281,480	-
The loan is unsecured, bears interest at 7.61% NACM and has no fixed terms of repayment.				
Katale Square (Pty) Ltd			99,561,007	101,884,275
The loan is unsecured, bears interest at 7.01% (2020: 9.5%) and is repayable on demand.				
Mabopane Square (Pty) Ltd			120,888,804	117,841,073
The loan is unsecured, bears interest at 7.01% (2020: 9.5%) and is repayable on demand.				
Mall of Thembisa (Pty) Ltd			216,059,729	-
The loan is unsecured, bears interest at the prime lending rate and is repayable on demand.				
Mandeni Plaza (Pty) Ltd			106,357,103	105,561,903
The loan is unsecured, bears interest at 7.01% (2020: 9.49%) and is repayable on demand.				
Modi Mall (Pty) Ltd			200,441,252	191,319,906
The loan is unsecured, bears interest at 7.01% (2020: 9.50%) and is repayable on demand.				
Mount Frere Square (Pty) Ltd			24,835,260	-
The loan is unsecured, bears interest at the prime lending rate and is repayable on demand.				
Phola Mall (Pty) Ltd			291,490,697	281,619,156
The loan is unsecured, bears interest at 7.01% (2020: 9.49%) and is repayable on demand.				
Theku Plaza (Pty) Ltd			80,006,786	84,813,157
The loan is unsecured, bears interest at 7.01% (2020: 9.49%) and is repayable on demand.				
Tsakane Mall (Pty) Ltd			10,868,091	24,930,256
The loan is unsecured, bears interest at 7.01% (2020: No interest) and is repayable on demand.				
			1,492,158,541	**1,214,310,428**

The credit risk of these loans is low considering, inter alia, that the subsidiaries property value and rental yield are expected to remain at or above current levels. The net asset value of each subsidiary is sufficient to cover the value of its loan and therefore management considers the loans recoverable. A probability weighted risk of default over the lifetime of the loans was applied to exposure at default. All available forward looking information, including estimates of economic growth, the expected value of the investment properties and forecast of retail sales, were taken into account, which indicated an immaterial expected credit loss and consequently the loans were not impaired.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
7. LOANS RECEIVABLE				
McCormick Property Development (Pty) Ltd	-	169,683,818	-	169,683,818
The loan was settled during the current financial year. It was previously unsecured, bore interest at JIBAR plus 2.35% and was repayable on demand.				
Moemedi Enterprise (Pty) Ltd T/A Roots Katale Square	4,618,135	5,618,801	-	-
The loan is secured by equipment with a cost of R5 805 660, bears interest at 11% NACM and is repayable in 60 monthly instalments of R130 973.				
Employee share scheme	45,290,167	45,489,005	45,290,167	45,489,005
	49,908,302	**220,791,624**	**45,290,167**	**215,172,823**

In order 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 bears interest from time to time at a rate determined by the directors, currently 6.5%, until repaid in full. Dividends (or other distributions) on the plan shares are applied against the interest and the balance is credited to the outstanding debt.

Number of shares in issue at the beginning of the year	4,350,100	4,255,100	4,350,100	4,255,100
Number of shares issued during the year	-	95,000	-	95,000
Number of shares in issue at the end of the year	**4,350,100**	**4,350,100**	**4,350,100**	**4,350,100**
Number of shares authorised to be issued under the scheme	10,000,000	10,000,000	10,000,000	10,000,000
Number of shares issued under the scheme	(4,350,100)	(4,350,100)	(4,350,100)	(4,350,100)
Number of shares available for issue under the scheme at the end of the year	**5,649,900**	**5,649,900**	**5,649,900**	**5,649,900**

Should an 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 the employee share scheme and the Moemedi Enterprise (Pty) Ltd loans are low considering, inter alia, that the net value of the shares would be sufficient to cover the share scheme debt and that the Moemedi Enterprise (Pty) Ltd loan is secured by the assets and fixtures of the Roots Katale Square store. 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. All available forward looking information, including profit forecasts, estimates of economic growth and the expected value of the shares, were taken into account, which indicated an immaterial expected credit loss and consequently the loans were not impaired.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
8. TRADE AND OTHER RECEIVABLES				
Trade receivables	51,928,969	26,999,684	29,146,666	17,139,364
Expected credit loss of trade receivables	(24,064,579)	(8,369,100)	(15,890,764)	(6,203,538)
	27,864,390	**18,630,584**	**13,255,902**	**10,935,826**
Deposits	24,786,318	18,707,989	9,916,945	8,982,268
Prepaid premium on interest rate caps	2,424,987	6,541,659	2,424,987	6,541,659
Sundry debtors	466,937	299,259	-	300,258
Other prepayments	2,412,103	2,745,387	1,258,088	2,185,718
	57,954,735	**46,924,878**	**26,855,922**	**28,945,729**

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

						GROUP
2021	**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	0.00%	51.84%	90.00%	100.00%	100.00%	46.34%
Gross carrying amount	26,315,949	2,795,322	2,022,343	2,110,427	18,684,928	51,928,969
Loss provision	-	(1,449,115)	(1,820,109)	(2,110,427)	(18,684,928)	(24,064,579)
2020						
Expected loss rate	0.37%	70.00%	90.00%	100.00%	100.00%	31.00%
Gross carrying amount	17,646,232	3,150,036	1,054,143	786,285	4,362,988	26,999,684
Loss provision	(66,073)	(2,205,025)	(948,729)	(786,285)	(4,362,988)	(8,369,100)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

						COMPANY
2021	**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	0.00%	23.57%	90.00%	100.00%	100.00%	37.17%
Gross carrying amount	11,817,500	1,730,882	1,155,607	1,236,234	13,206,443	29,146,666
Loss provision	-	(408,041)	(1,040,046)	(1,236,234)	(13,206,443)	(15,890,764)
2020						
Expected loss rate	0.87%	70.00%	90.00%	100.00%	100.00%	36.19%
Gross carrying amount	10,250,063	2,374,651	623,370	393,784	3,497,496	17,139,364
Loss provision	(88,969)	(1,662,256)	(561,033)	(393,784)	(3,497,496)	(6,203,538)

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 and are reassessed at each reporting date. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, as well as potential changes in the debtors' risk profiles as a result of the disruptions caused by the COVID-19 outbreak. 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.

	GROUP		COMPANY	
	2021 R	**2020 R**	**2021 R**	**2020 R**
9. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents comprises:				
Cash on hand	109,285	97,732	75,496	67,325
Bank balances	27,893,141	19,689,413	21,862,469	16,795,372
Tenant deposits	12,659,875	27,896,724	9,151,144	17,033,462
	40,662,301	**47,683,869**	**31,089,109**	**33,896,159**
Cash and cash equivalents that are not available for use by the Group and Company	23,228,602	15,540,068	20,423,602	15,540,068

Restricted cash and cash equivalents comprise R 16 676 200 (2020: R 15 540 068) held in a back-to-back Nedbank account and R 2 805 000 held in a Rand Merchant Bank call account, both linked to guarantees issued to the City of Tshwane Metropolitan Municipality, as well as R 3 747 402 held in a Rand Merchant Bank call account linked to a guarantee issued to the Mbombela Local Municipality.

	GROUP		COMPANY	
	2021 R	**2020 R**	**2021 R**	**2020 R**
10. STATED CAPITAL				
Authorised				
5 000 000 000 ordinary shares with no par value				
Issued				
332 290 686 (2020: 325 027 765) ordinary shares with no par value	**3,310,533,449**	**3,235,817,139**	**3,310,533,449**	**3,235,817,139**
Reconciliation of stated capital				
Reported at beginning of year	3,235,817,139	3,185,487,085	3,235,817,139	3,185,487,085
Pre-acquisition adjustment	(3,603,443)	(6,862,676)	(3,603,443)	(6,862,676)
Shares issued for acquisitions	78,319,753	56,242,730	78,319,753	56,242,730
Shares issued to share scheme	-	950,000	-	950,000
Reported at end of year	**3,310,533,449**	**3,235,817,139**	**3,310,533,449**	**3,235,817,139**
Reconciliation of number of shares				
Reported at beginning of year	325,027,765	319,739,136	325,027,765	319,739,136
Shares issued for acquisitions	7,262,921	5,193,629	7,262,921	5,193,629
Shares issued to share scheme	-	95,000	-	95,000
Reported at end of year	**332,290,686**	**325,027,765**	**332,290,686**	**325,027,765**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

11. NON-CONTROLLING INTEREST

The non-controlling interest of R 186 434 950 (2020: R 157 716 367) represents 50% of the net asset value of Mandeni, 47% of the net asset value of Phola, 17.5% of the net asset value of Theku, 49.9% of the net asset value of Mall of Thembisa and loans from non-controlling interests at financial year end. The following is summarised financial information for Mandeni, Phola, Theku and Thembisa, prepared in accordance with IFRS, adjusted for fair value adjustments on acquisition and differences in Group accounting policies. The information is before inter company eliminations with other companies in the Group.

2021	Mandeni Plaza (Pty) Ltd	Mall of Thembisa (Pty) Ltd	Phola Mall (Pty) Ltd	Theku Plaza (Pty) Ltd	Total
Extracts from statement of profit and loss and other comprehensive income:					
Revenue	25,531,079	24,786,411	64,522,194	32,589,671	147,429,355
(Loss) / profit after taxation	(5,103,421)	(8,524,307)	16,963,536	17,854,275	21,190,083
Attributable to equity holders of Exemplar	(2,551,710)	(4,270,678)	8,990,674	14,729,777	16,898,063
Attributable to non-controlling interest	**(2,551,710)**	**(4,253,629)**	**7,972,861**	**3,124,498**	**4,292,020**
Dividends paid to non-controlling interest during the year	**(751,306)**	**-**	**(1,603,369)**	**(634,207)**	**(2,988,882)**
Extracts from the statement of financial position:					
Non-current assets	171,183,450	719,183,004	533,347,299	232,000,000	1,655,713,753
Current assets	1,397,002	29,150,532	7,452,461	1,187,534	39,187,529
Non-current liabilities	(6,388,328)	(437,375,869)	(5,091,942)	(7,180,773)	(456,036,912)
Current liabilities	(111,229,405)	(264,550,114)	(299,810,740)	(83,580,506)	(759,170,765)
Net assets	54,962,719	46,407,553	235,897,079	142,426,255	479,693,606
Net assets attributable to non-controlling interest	27,481,360	23,157,368	110,871,627	24,924,595	186,434,950
Southern Palace loan with Thembisa					
The loan is unsecured, does not bear interest and has no fixed terms of repayment.	-	20,000,000	-	-	20,000,000
Net assets and loans attributable to non-controlling interest	**27,481,360**	**43,157,368**	**110,871,627**	**24,924,595**	**206,434,950**
Extracts from the statement of cash flows:					
Cash flows from operating activities	13,852,143	16,209,314	45,568,547	20,190,514	95,820,518
Cash flows from investing activities	(795,200)	-	(9,871,541)	4,806,372	(5,860,369)
Cash flows from financing activities	(13,412,018)	(15,621,391)	(37,079,689)	(25,383,777)	(91,496,875)
Net cash flow	**(355,075)**	**587,923**	**(1,382,683)**	**(386,891)**	**(1,536,726)**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

11. NON-CONTROLLING INTEREST (CONTINUED)

2020	**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	26,182,645	62,717,294	31,838,543	120,738,482
Profit after taxation	6,165,896	42,879,493	25,866,373	74,911,762
Attributable to equity holders of Exemplar	3,082,948	22,825,943	21,339,758	47,248,649
Attributable to non-controlling interest	**3,082,948**	**20,053,550**	**4,526,615**	**27,663,113**
Dividends paid to non-controlling interest during the year	**(4,191,069)**	**(9,020,181)**	**(2,855,452)**	**(16,066,703)**
Extracts from the statement of financial position:				
Non-current assets	177,684,817	514,949,773	224,000,000	916,634,590
Current assets	1,197,178	8,616,554	1,365,043	11,178,775
Non-current liabilities	(5,554,315)	(4,883,041)	(7,460,632)	(17,897,988)
Current liabilities	(111,632,145)	(296,482,655)	(89,708,396)	(497,823,196)
Net assets	61,695,535	222,200,631	128,196,015	412,092,181
Net assets attributable to non-controlling interest	**30,847,768**	**104,434,296**	**22,434,303**	**157,716,367**
Extracts from the statement of cash flows:				
Cash flows from operating activities	15,101,778	37,387,922	14,960,672	67,450,372
Cash flows from investing activities	-	(195,831)	(56,500)	(252,331)
Cash flows from financing activities	(15,252,597)	(36,858,827)	(15,111,305)	(67,222,729)
Net cash flow	**(150,819)**	**333,264**	**(207,133)**	**(24,688)**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
12. FINANCIAL LIABILITIES				
Held at amortised cost				
ABSA Bank Limited	250,000,000	250,000,000	250,000,000	250,000,000
The loan bears interest at the 3 month JIBAR plus 1.90%, with interest-only quarterly instalments. The facility maturity date is the 31 May 2023.				
ABSA Bank Limited	200,000,000	200,000,000	200,000,000	200,000,000
The term loan bears interest at the 3 month JIBAR plus 1.65%, with interest-only quarterly instalments. The facility maturity date is the 31 August 2021.				
ABSA Bank Limited	90,000,000	90,000,000	90,000,000	90,000,000
The revolving credit facility of R 180 million bears interest at the 3 month JIBAR plus 1.75%, with interest-only quarterly instalments. The facility maturity date is the 31 August 2021.				
ABSA Bank Limited	146,000,000	-	146,000,000	-
The loan bears interest at the prime lending rate less 1.65%, with interest-only quarterly instalments. The facility termination date is the 31 August 2021.				
ABSA Bank Limited	435,000,000	-	-	-
The loan bears interest at the 3 month JIBAR plus 2.10%, with interest-only quarterly instalments. The facility maturity date is the 17 December 2023.				
Nedbank Limited	600,000,000	600,000,000	600,000,000	600,000,000
The loan bears interest at the 3 month JIBAR plus 2.20%, with interest-only quarterly instalments. The facility maturity date is the 31 May 2023.				
Rand Merchant Bank Limited	300,000,000	300,000,000	300,000,000	300,000,000
The loan bears interest at the 3 month JIBAR plus 1.59%, with interest-only quarterly instalments. The facility maturity date is the 31 August 2021.				
Rand Merchant Bank Limited	180,000,000	180,000,000	180,000,000	180,000,000
The loan bears interest at the 3 month JIBAR plus 1.88%, with interest-only quarterly instalments. The facility maturity date is the 31 May 2022.				

12. FINANCIAL LIABILITIES (CONTINUED)

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Standard Bank South Africa Limited	-	75,917,274	-	75,917,274
The loan is a revolving facility of R 200 million and bears interest at the prime lending rate less 1.56%, with interest-only quarterly instalments. The facility termination date is the 31 August 2021.				
Standard Bank South Africa Limited	120,000,000	120,000,000	120,000,000	120,000,000
The loan bears interest at the 3 month JIBAR plus 1.68%, with interest-only quarterly instalments. The facility maturity date is the 31 August 2021.				
Standard Bank South Africa Limited	250,000,000	250,000,000	250,000,000	250,000,000
The loan bears interest at the 3 month JIBAR plus 1.82%, with interest-only quarterly instalments. The facility maturity date is the 31 May 2022.				
	2,571,000,000	2,065,917,274	2,136,000,000	2,065,917,274
Prepaid participation fees on facilities	(1,667,208)	(3,106,380)	(1,667,208)	(3,106,380)
	2,569,332,792	**2,062,810,894**	**2,134,332,792**	**2,062,810,894**
Non-current liabilities	1,713,332,792	2,062,810,894	1,278,332,792	2,062,810,894
Current liabilities	856,000,000	-	856,000,000	-
	2,569,332,792	**2,062,810,894**	**2,134,332,792**	**2,062,810,894**

Security

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 fair value of R 6 520 865 544 (2020: R 5 788 843 340).

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 which 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 R 292 668 311, R 88 757 852 and R 105 704 160 respectively, plus interest and costs.

Available facilities and residual values

The Group ensures that sufficient unutilised borrowing facilities are available for future commitments and operating requirements. Total facilities available to the Group at the reporting date amounted to R 2 661 000 000, of which R 2 589 972 668 had been utilised. The Group'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 36.

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
13. DERIVATIVE FINANCIAL INSTRUMENTS				
Hedging derivatives				
Interest rate derivatives	17,080,649	(26,465,388)	9,216,042	(26,465,388)

2021

Transaction	Fixed rate payer	Floating rate payer	Rate	Notional
Interest rate cap	Exemplar	Counterparty	7.250%	R 1 100 000 000
Interest rate cap	Counterparty	Exemplar	8.750%	R 1 100 000 000
Interest rate cap	Exemplar	Counterparty	7.250%	R 600 000 000
Interest rate cap	Counterparty	Exemplar	8.000%	R 600 000 000
Interest rate swap	Exemplar	Counterparty	4.295%	R 850 000 000
Interest rate swap	Mall of Thembisa	Counterparty	4.130%	R 435 000 000

2020

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

Transaction	Fixed rate payer	Floating rate payer	Rate	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
Interest rate swap	Exemplar	Counterparty	6.88%	R 380 000 000

The Group 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. The interest rate cap arrangements terminate on 4 October 2021 and the Company and Mall of Thembisa (Pty) Ltd interest rate swap arrangements terminate on 11 December 2023 and 15 January 2024 respectively. The Company does not apply hedge accounting in terms of IFRS 9.

The derivative financial instruments were valued by ABSA Bank Limited as being the difference between the present value of interest payments at the fixed rate and the projected interest payments based on the forward yield curve. The Company and the Group subsidiary do not utilise derivatives for speculative or other purposes other than interest rate risk management.

Refer to note 36, Risk management for further details.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

14. LEASE LIABILITIES

	2021 R	2020 R	2021 R	2020 R
Minimum lease payments due				
- within one year	3,263,951	3,117,117	2,487,051	2,410,844
- in second to fifth year inclusive	10,532,101	11,726,030	6,565,948	8,120,436
- later than five years	495,031,364	497,516,874	258,837,553	260,185,603
	508,827,416	512,360,021	267,890,552	270,716,883
less: future finance charges	(481,961,137)	(485,895,865)	(253,224,878)	(255,553,876)
Present value of minimum lease payments	**26,866,279**	**26,464,156**	**14,665,674**	**15,163,007**
Present value of minimum lease payments due				
- within one year	2,846,706	2,718,432	2,167,190	2,100,692
- in second to fifth year inclusive	6,768,115	7,540,636	4,297,751	5,294,851
- later than five years	17,251,458	16,205,088	8,200,733	7,767,465
	26,866,279	**26,464,156**	**14,665,674**	**15,163,007**
Reconciliation of lease liability				
Balance at beginning of year	26,464,156	32,742,248	15,163,007	15,241,291
Lease payment	(3,156,481)	(2,358,708)	(2,450,208)	(2,349,572)
Lease liability variable adjustment	(221,513)	(7,322,863)	(221,513)	41,943
Interest	3,780,117	3,403,479	2,174,389	2,229,345
Balance at end of year	**26,866,279**	**26,464,156**	**14,665,674**	**15,163,007**
Non-current liabilities	24,019,573	23,745,724	12,498,483	13,062,315
Current liabilities	2,846,706	2,718,432	2,167,191	2,100,692
	26,866,279	**26,464,156**	**14,665,674**	**15,163,007**

14. LEASE LIABILITIES (CONTINUED)

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 rental is escalated by 10% per annum and the lease liability 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 3 equal periods, totalling 9 years and 11 months. The rental is escalated by 4% per annum and the lease liability has been discounted at a rate of 14.50% per annum.

Exemplar headoffice is subject to a 5 year lease arrangement commencing 1 June 2018. The lease is escalated annually at a rate linked to the average Consumer Price Index and the lease liability 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 rental is escalated by 10% per annum and the lease liability 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 rental is the greater of 2.7% of gross rent income or a base rent amount escalated by 10% per annum. The lease liability 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 rental is escalated by 10% per annum and the lease liability has been discounted at a rate of 13.75% per annum.

15. DEFERRED TAX

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Property, plant and equipment	12,273,121	(155,417)	-	-
Expected credit loss allowance	(4,121,271)	(1,757,511)	(2,669,648)	(1,302,743)
Prepaid expenses	622,215	521,377	290,927	367,242
Allowance for future expenditure on contracts	189,164	1,046,155	1,074,726	1,046,155
Income received in advance	(4,369,622)	(6,117,856)	(2,447,360)	(2,989,013)
Bonus and leave accruals	(384,071)	(384,071)	(349,714)	(349,714)
Other accruals	(229,015)	(594,166)	(229,015)	(594,166)
Fair value adjustments on derivatives	4,782,582	(7,410,309)	2,580,492	(7,410,309)
Capital allowances	135,975,380	110,264,695	67,982,412	66,267,833
Tax loss	(41,657,647)	(9,672,917)	-	-
Total deferred tax liability	**103,080,836**	**85,739,980**	**66,232,820**	**55,035,285**
Reconciliation of deferred tax (asset) / liability				
At beginning of year	85,739,980	94,802,992	55,035,285	63,307,090
Taxable temporary differences on capital allowances acquired	-	-	-	-
Property, plant and equipment	12,428,538	(3,837)	-	-
Expected credit loss allowance	(2,363,760)	(1,184,835)	(1,366,905)	(1,215,576)
Prepaid expenses	100,839	(23,732)	(76,315)	(79,361)
Allowance for future expenditure on contracts	(856,991)	338,505	28,572	338,505
Income received in advance	1,748,234	(2,341,887)	541,653	(618,931)
Bonus and leave accruals	-	(101,112)	-	(66,755)
Other accruals	365,151	(239,429)	365,151	(239,430)
Fair value adjustments on derivatives	12,192,890	(6,390,257)	9,990,800	(6,390,257)
Capital allowances	25,710,685	793,290	1,714,579	-
Tax loss	(31,984,730)	90,282	-	-
	103,080,836	**85,739,980**	**66,232,820**	**55,035,285**

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

16. TRADE AND OTHER PAYABLES

Trade payables	50,538,027	33,926,846	18,133,003	14,935,084
Deposits received	31,632,543	27,896,724	17,769,656	17,033,462
Accrued leave pay and bonus	1,371,681	1,371,681	1,248,979	1,248,979
Accruals	6,824,136	5,616,869	5,062,532	3,934,578
Rates and utilities accrual	88,207,601	70,438,877	24,790,711	19,753,931
Other payables	4,070,511	5,968	657,580	-
Amounts received in advance	15,402,939	21,849,487	8,740,572	10,675,047
Value Added Tax	495,827	5,532,622	4,366,739	4,487,402
	198,543,265	**166,639,074**	**80,769,772**	**72,068,483**

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

Maake Plaza (Pty) Ltd	-	-	31,504,900	31,971,177
The loan is unsecured, does not bear interest and has no fixed terms of repayment.				
Mall of Thembisa (Pty) Ltd	-		21,533,196	-
The loan is unsecured, does not bear interest and has no fixed terms of repayment.				
	-	**-**	**53,038,096**	**31,971,177**

18. RENTAL INCOME AND RECOVERIES

Rental income	564,327,372	504,236,929	319,629,587	301,284,647
COVID-19 credits	(32,463,635)	-	(18,710,714)	-
Turnover rental income	3,588,235	3,207,178	2,253,334	2,564,101
Recoveries	247,352,627	237,162,373	138,084,420	142,252,891
Operating lease equalisation	6,401,362	(16,916,602)	(5,574,103)	(21,789,319)
	789,205,961	**727,689,878**	**435,682,524**	**424,312,320**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

19. PROPERTY OPERATING COSTS

	2021 R	2020 R	2021 R	2020 R
Accounting fees	85,098	88,118	34,181	52,557
Audit fees	1,467,280	1,537,075	821,556	881,623
Bad debts	16,816,794	2,518,202	10,225,388	1,562,344
Bank charges	110,604	109,612	51,185	46,414
Cleaning expenses	19,282,707	17,114,335	10,216,762	9,829,477
COVID-19 expenses	1,102,072	-	530,324	-
Depreciation	297,314	353,908	95,923	224,012
Employee costs	7,524,405	6,747,159	3,884,236	3,735,736
General expenses	74,885	206,874	94,412	-
Insurance	3,398,413	2,458,347	1,807,578	1,393,809
Legal expenses	799,763	887,864	697,241	826,351
Marketing	2,629,139	3,975,528	1,089,722	2,356,860
Rates and utilities	204,703,832	196,929,269	115,328,974	112,360,229
Rent paid	121,533	181,206	10,264	7,273
Repairs and maintenance	6,335,432	5,386,800	3,659,961	3,439,243
Security expenses	24,329,931	22,035,491	12,810,797	12,388,056
Stationery	194,375	203,674	80,502	114,467
Telephone and fax	246,428	225,462	124,888	120,190
Tenant installation amortisation	3,603,907	1,975,002	1,773,886	908,123
Travel - Local	158,867	133,633	105,364	87,238
	293,282,779	**263,067,559**	**163,443,144**	**150,334,002**

20. OTHER INCOME

	2021 R	2020 R	2021 R	2020 R
Administration and management fees received	11,062,490	12,176,275	16,916,936	17,360,854
Other income	5,765,380	2,800,265	4,048,804	2,484,140
	16,827,870	**14,976,540**	**20,965,740**	**19,844,994**

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
21. OPERATING PROFIT				
Operating profit for the period is stated after charging the following, amongst others:				
Employee costs				
Salaries, wages, bonuses and other benefits	27,055,851	27,094,160	21,407,797	22,805,775
Depreciation				
Depreciation of property, plant and equipment	535,535	402,876	325,115	272,980
22. INVESTMENT INCOME				
Dividend income				
Group companies:				
Subsidiaries - Local	-	-	54,518,727	109,170,592
Interest income				
Investments in financial assets:				
Bank and other cash	2,310,759	7,026,513	1,837,498	6,061,921
Employee share scheme	3,462,013	3,819,769	3,462,013	3,819,769
Loans receivable	12,953,557	14,417,191	-	-
Other financial assets	5,027,547	1,496,390	2,541,178	851,435
	23,753,876	26,759,863	7,840,689	10,733,125
Loans to Group companies:				
Subsidiaries	-	-	100,996,610	114,262,423
Total interest income	**23,753,876**	**26,759,863**	**108,837,299**	**124,995,548**
Total investment income	**23,753,876**	**26,759,863**	**163,356,026**	**234,166,140**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

23. IMPAIRMENT LOSS

2021	Maake Plaza (Pty) Ltd	Modi Mall (Pty) Ltd	Mabopane Square (Pty) Ltd	Totals
Net asset value	74,359,725	53,143,558	36,277,727	163,781,010
Investment in subsidiary	(92,780,852)	(63,409,206)	(36,868,955)	(193,059,013)
Impairment loss	**(18,421,127)**	**(10,265,648)**	**(591,228)**	**(29,278,003)**

The impairment loss recognised relates to the Company's investments in Maake Plaza, Modi Mall and Mabopane Square. The recoverable amount of each investment was based on the net asset value of these entities. The reduction in net asset value is directly attributable to the fair value adjustments of the investment properties held by these entities.

24. FINANCE COSTS

Non-current borrowings	145,387,968	174,045,172	140,545,167	174,045,172
Amortisation of participation fees on facilities	6,353,279	6,601,226	6,353,279	6,601,226
Imputed interest on lease liabilities	3,780,117	3,403,479	2,174,389	2,229,345
Settlement costs	95,240,990	-	57,306,721	-
Other interest paid	3,992,473	365,637	1,333,991	24,456
Total finance costs	**254,754,827**	**184,415,514**	**207,713,547**	**182,900,199**

The settlement costs relate to fees paid to close-out certain interest rate hedges. This was done to enable the Group to take advantage of the current low interest rates and enter into new derivative arrangements at more favourable rates.

25. TAXATION

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
Major components of the income tax expense				
Deferred				
Property, plant and equipment	(12,428,538)	3,837	-	-
Expected credit loss allowance	2,363,760	1,184,835	1,366,905	1,215,576
Prepaid expenses	(100,839)	23,732	76,315	79,361
Allowance for future expenditure on contracts	856,991	(338,505)	856,991	(338,505)
Income received in advance	(1,748,234)	2,341,886	(541,653)	618,931
Bonus and leave accruals	-	101,112	-	66,755
Other accruals	(365,151)	239,430	(365,151)	239,429
Fair value movements on derivatives	(12,192,890)	6,390,257	(9,990,800)	6,390,257
Capital allowances	(19,631,941)	(793,290)	(2,600,142)	-
Tax loss	25,905,987	(90,282)	-	-
Originating and reversing temporary differences	**(17,340,855)**	**9,063,012**	**(11,197,535)**	**8,271,804**
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	28.00%	28.00%	28.00%	28.00%
Permanent difference on tax deductible REIT dividend (s25BB qualifying deduction)	(14.97%)	(28.00%)	(19.84%)	(28.00%)
Reversal of taxable temporary differences	(1.05%)	(2.38%)	0.01%	(2.22%)
	11.98%	**(2.38%)**	**8.17%**	**(2.22%)**

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
26. CASH GENERATED FROM OPERATIONS					
Profit before taxation		253,150,394	380,015,285	137,023,051	376,577,250
Adjustments for:					
Depreciation		535,535	402,876	325,115	272,980
Dividend income		-	-	(54,518,727)	(109,170,592)
Interest income		(23,753,876)	(26,759,864)	(108,837,299)	(124,995,547)
Finance costs		254,754,827	184,415,514	207,713,547	182,900,199
Impairment loss		-	-	29,278,003	-
Fair value losses / (gains) on investment property		39,523,959	(113,779,867)	91,281,652	(82,559,845)
Movement in lease liabilities		(221,513)	(7,002,113)	(221,513)	41,943
Movement in lease equalisation		(6,401,362)	16,916,602	5,574,103	21,789,319
Fair value (gains) / losses on derivative financial instruments		(43,546,036)	22,822,346	(35,681,430)	22,822,346
Changes in working capital:					
Trade and other receivables		(11,029,857)	786,405	2,089,807	(2,941,952)
Trade and other payables		31,904,191	1,883,616	21,864,098	(4,368,930)
		494,916,262	**459,700,800**	**295,890,407**	**280,367,171**
27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES					
Balance at beginning of year		2,062,810,894	1,700,005,000	2,062,810,894	1,700,005,000
Financial liabilities acquired		600,000,000	-	-	-
Increase in financial liabilities		**573,907,667**	**1,070,592,349**	**738,907,667**	**1,070,592,349**
Movement in prepaid participation fees on facilities		1,439,172	1,439,172	1,439,172	1,439,172
Proceeds from financial liabilities		448,741,354	897,634,043	613,741,354	897,634,043
Interest accrual		123,727,141	171,519,134	123,727,141	171,519,134
Decrease in financial liabilities		**(667,385,769)**	**(703,240,903)**	**(667,385,769)**	**(703,240,903)**
Repayment of financial liabilities		(543,658,628)	(532,000,000)	(543,658,628)	(532,000,000)
Interest payment		(123,727,141)	(171,240,903)	(123,727,141)	(171,240,903)
Balance at end of year	12	**2,569,332,792**	**2,062,810,894**	**2,134,332,792**	**2,062,810,894**

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
28. RECONCILIATION OF LOANS TO SUBSIDIARIES ARISING FROM INVESTING ACTIVITIES					
Balance at beginning of year		-	-	1,214,310,428	958,462,286
Increase in subsidiary loans		**-**	**-**	**277,848,113**	**255,848,142**
Repayment of subsidiary loans		-	-	(237,206,336)	(220,299,032)
Advances of subsidiary loans		-	-	467,864,267	476,147,174
Loans to subsidiaries acquired		-	-	47,190,182	-
Balance at end of year	6	**-**	**-**	**1,492,158,541**	**1,214,310,428**
29. RECONCILIATION OF LOANS RECEIVABLE ARISING FROM INVESTING ACTIVITIES					
Balance at beginning of year		220,791,624	44,400,471	215,172,823	44,400,471
Increase in loans receivable		**(170,883,322)**	**176,391,153**	**(169,882,656)**	**170,772,352**
Repayment of loans receivable		(580,307,425)	(228,438,535)	(580,307,425)	(228,438,535)
Advances of loans receivable		409,424,103	404,829,688	410,424,769	399,210,887
Balance at end of year	7	**49,908,302**	**220,791,624**	**45,290,167**	**215,172,823**
30. RECONCILIATION OF LOANS FROM SUBSIDIARIES ARISING FROM FINANCING ACTIVITIES					
Balance at beginning of year		-	-	(31,971,177)	(37,740,837)
Decrease / (increase) in subsidiary loans		**-**	**-**	**(21,066,919)**	**5,769,660**
Repayment of subsidiary loans		-	-	15,473,081	9,794,633
Advances of subsidiary loans		-	-	(36,540,000)	(4,024,973)
Balance at end of year	17	**-**	**-**	**(53,038,096)**	**(31,971,177)**
31. DIVIDENDS PAID					
Shareholders of Exemplar		(273,924,324)	(274,223,979)	(273,924,324)	(274,223,979)
Dividends payable prior year		(5,472,840)	-	-	-
Non-controlling interest		(2,988,882)	(10,593,877)	-	-
		(282,386,046)	**(284,817,856)**	**(273,924,324)**	**(274,223,979)**

Dividends are paid from operating profits.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

32. EARNINGS AND HEADLINE EARNINGS

Reconciliation of basic earnings to headline earnings

	2021 R	2020 R		
Profit for the year attributable to equity holders of Exemplar	231,517,519	361,415,184		
Fair value adjustment to investment properties	39,523,959	(113,779,867)		
Non-controlling interest in fair value adjustment to investment properties	(9,824,955)	15,331,693		
Headline earnings	**261,216,523**	**262,967,010**		
Number of shares in issue	332,290,686	325,027,765		
Weighted average number of shares in issue	326,843,495	322,082,371		
Basic and diluted earnings per share (cents)	70.83437	112.20928		
Headline and diluted headline earnings per share (cents)	79.92098	81.64388		

33. DIRECTORS' EMOLUMENTS

	2021		2020	
Executive	**Short-term employee benefits**	**Total**	**Short-term employee benefits**	**Total**
Church, DA				
Salary	3,244,500	3,244,500	3,112,500	3,112,500
McCormick, J (Jason)				
Salary	1,622,500	1,622,500	1,556,250	1,556,250
McCormick, J (John)				
Salary	1,622,500	1,622,500	1,556,250	1,556,250
	6,489,500	**6,489,500**	**6,225,000**	**6,225,000**

Non-executive	**Directors' fees**	**Total**	**Directors' fees**	**Total**
Azzopardi, GVC	327,600	327,600	315,000	315,000
Berkeley, FM	436,800	436,800	420,000	420,000
Katzenellenbogen, PJ	327,600	327,600	315,000	315,000
Maponya, EP	327,600	327,600	315,000	315,000
	1,419,600	**1,419,600**	**1,365,000**	**1,365,000**

34. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 4
Shareholder with significant influence	Jason McCormick
	The John McCormick Family Trust
	McCormick Property Development (Pty) Ltd

Related party balances

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
Loan accounts - Owing (to) by related parties				
Alex Mall (Pty) Ltd	-	-	298,618,431	306,338,702
Exemplar Leasing (Pty) Ltd	-	-	749,900	2,000
Exemplar Utilities (Pty) Ltd	-	-	42,281,480	-
Jason McCormick - Share Scheme	10,417,104	10,465,651	10,417,104	10,465,651
Katale Square (Pty) Ltd	-	-	99,561,007	101,884,276
Maake Plaza (Pty) Ltd	-	-	(31,504,900)	(31,971,177)
Mabopane Square (Pty) Ltd	-	-	120,888,804	117,841,073
Mall of Thembisa (Pty) Ltd	-	-	216,059,729	-
Mall of Thembisa (Pty) Ltd	-	-	(21,533,196)	-
Mandeni Plaza (Pty) Ltd	-	-	106,357,103	105,561,903
McCormick Property Development (Pty) Ltd	-	169,683,818	-	169,683,818
Modi Mall (Pty) Ltd	-	-	200,441,252	191,319,906
Mount Frere Square (Pty) Ltd	-	-	24,835,260	-
Phola Mall (Pty) Ltd	-	-	291,490,697	281,619,156
Theku Plaza (Pty) Ltd	-	-	80,006,786	84,813,157
Tsakane Mall (Pty) Ltd	-	-	10,868,091	24,930,256

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
34. RELATED PARTIES (CONTINUED)				
Related party transactions				
Interest received from related parties				
Alex Mall (Pty) Ltd	-	-	20,723,909	28,588,153
Exemplar Utilities (Pty) Ltd	-	-	1,446,272	-
Jason McCormick - Share Scheme	796,088	895,527	796,088	895,527
Katale Square (Pty) Ltd	-	-	6,421,266	6,192,051
Mabopane Square (Pty) Ltd	-	-	8,205,656	3,720,028
Mall of Thembisa (Pty) Ltd	-	-	3,476,803	-
Mandeni Plaza (Pty) Ltd	-	-	7,431,139	9,868,797
McCormick Property Development (Pty) Ltd	12,091,029	14,416,149	12,091,029	14,416,149
Modi Mall (Pty) Ltd	-	-	13,420,010	17,267,227
Phola Mall (Pty) Ltd	-	-	19,960,891	26,522,392
Theku Plaza (Pty) Ltd	-	-	5,843,611	7,687,013
Tsakane Mall (Pty) Ltd	-	-	1,113,494	-
Leasing fees received from / (paid to) related parties				
Alex Mall (Pty) Ltd	-	-	-	387,601
Exemplar Leasing (Pty) Ltd	-	-	(171,070)	(92,080)
Maake Plaza (Pty) Ltd	-	-	-	472,579
Mabopane Square (Pty) Ltd	-	-	-	22,765
Mandeni Plaza (Pty) Ltd	-	-	-	208,370
Modi Mall (Pty) Ltd	-	-	-	253,375
Phola Mall (Pty) Ltd	-	-	-	33,841
Theku Plaza (Pty) Ltd	-	-	-	33,580
Tsakane Mall (Pty) Ltd	-	-	-	250,075
Commission paid to related parties				
Exemplar Leasing (Pty) Ltd	-	-	1,662,944	1,647,590

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

34. RELATED PARTIES (CONTINUED)

	2021 R	2020 R	2021 R	2020 R
Management fees received from related parties				
Alex Mall (Pty) Ltd	-	-	1,659,514	1,616,666
Katale Square (Pty) Ltd	-	-	426,340	250,757
Maake Plaza (Pty) Ltd	-	-	253,586	233,308
Mabopane Square (Pty) Ltd	-	-	535,222	182,248
Mall of Thembisa (Pty) Ltd	-	-	606,931	-
Mandeni Plaza (Pty) Ltd	-	-	581,632	593,529
Modi Mall (Pty) Ltd	-	-	929,946	905,890
Phola Mall (Pty) Ltd	-	-	1,580,132	1,445,473
Theku Plaza (Pty) Ltd	-	-	805,628	748,237
Tsakane Mall (Pty) Ltd	-	-	1,204,158	1,154,708
Dividends received from related parties				
Alex Mall (Pty) Ltd	-	-	11,039,341	12,604,495
Katale Square (Pty) Ltd	-	-	4,903,465	-
Maake Plaza (Pty) Ltd	-	-	6,193,064	9,794,632
Mabopane Square (Pty) Ltd	-	-	5,768,076	-
Mandeni Plaza (Pty) Ltd	-	-	751,307	4,191,070
Modi Mall (Pty) Ltd	-	-	8,294,756	2,968,149
Phola Mall (Pty) Ltd	-	-	1,808,055	10,171,710
Theku Plaza (Pty) Ltd	-	-	2,989,829	13,461,417
Tsakane Mall (Pty) Ltd	-	-	12,770,834	55,979,136
Rent and operating costs paid to related parties				
The John McCormick Family Trust	1,331,388	1,284,297	1,331,388	1,284,297

		GROUP		COMPANY	
	Notes	2021 R	2020 R	2021 R	2020 R

35. MINIMUM LEASE PAYMENTS RECEIVABLE

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

Receivable within year one	633,164,627	483,119,663	307,841,944	286,058,710
Receivable within year two	485,793,226	405,716,097	198,749,753	216,065,510
Receivable within year three	389,224,396	297,465,580	178,160,638	154,367,248
Receivable within year four	266,258,733	201,929,205	122,620,770	102,832,466
Receivable within year five	179,098,918	128,677,972	70,741,848	68,251,480
Receivable beyond five years	379,769,403	438,715,346	130,707,822	284,921,311
	2,333,309,303	**1,955,623,863**	**1,008,822,775**	**1,112,496,725**

The Group leases a number of 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%.

36. RISK MANAGEMENT

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
			GROUP	
Categories of financial instruments				
Categories of financial assets				
2021				
Loans receivable	7	-	49,908,302	49,908,302
Trade and other receivables	8	-	28,331,327	28,331,327
Cash and cash equivalents	9	-	40,662,301	40,662,301
Derivative financial instruments	13	17,080,649	-	17,080,649
		17,080,649	**118,901,930**	**135,982,579**
2020				
Loans receivable	7	-	220,791,624	220,791,624
Trade and other receivables	8	-	18,929,843	18,929,843
Cash and cash equivalents	9	-	47,683,869	47,683,869
		-	**287,405,336**	**287,405,336**
Categories of financial liabilities				
2021				
Financial liabilities	12	-	2,571,000,000	2,571,000,000
Derivative financial instruments	13	-	-	-
Trade and other payables	16	-	149,640,275	149,640,275
		-	**2,720,640,275**	**2,720,640,275**
2020				
Financial liabilities	12	-	2,065,917,274	2,065,917,274
Derivative financial instruments	13	26,465,388	-	26,465,388
Trade and other payables	16	-	104,369,759	104,369,759
		26,465,388	**2,170,287,033**	**2,196,752,421**

36. RISK MANAGEMENT (CONTINUED)

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
			COMPANY	
Categories of financial assets				
2021				
Loans to subsidiaries	6	-	1,492,158,541	1,492,158,541
Loans receivable	7	-	45,290,167	45,290,167
Trade and other receivables	8	-	13,255,902	13,255,902
Cash and cash equivalents	9	-	31,089,109	31,089,109
Derivative financial instruments	13	9,216,042	-	9,216,042
		9,216,042	**1,581,793,719**	**1,591,009,761**
2020				
Loans to subsidiaries	6	-	1,214,310,428	1,214,310,428
Loans receivable	7	-	215,172,823	215,172,823
Trade and other receivables	8	-	11,236,084	11,236,084
Cash and cash equivalents	9	-	33,896,158	33,896,158
		-	**1,474,615,493**	**1,474,615,493**
Categories of financial liabilities				
2021				
Financial liabilities	12	-	2,136,000,000	2,136,000,000
Derivative financial instruments	13	-	-	-
Trade and other payables	16	-	48,643,826	48,643,826
Loans from subsidiaries	17	-	53,038,096	53,038,096
		-	**2,237,681,922**	**2,237,681,922**
2020				
Financial liabilities	12	-	2,065,917,274	2,065,917,274
Derivative financial instruments	13	26,456,388	-	26,456,388
Trade and other payables	16	-	38,623,593	38,623,593
Loans from subsidiaries	17	-	31,971,177	31,971,177
		26,456,388	**2,136,512,044**	**2,162,968,432**

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
36. RISK MANAGEMENT (CONTINUED)			**GROUP**	
Pre tax gains and losses on financial instruments				
Gains and losses on financial assets				
2021				
Interest income	22	**-**	**23,753,876**	**23,753,876**
2020				
Interest income	22	**-**	**26,759,863**	**26,759,863**
Gains and losses on financial liabilities				
2021				
Finance costs	24	-	(254,754,827)	(254,754,827)
Loss on fair value of derivative financial instruments		43,546,036	-	43,546,036
		43,546,036	**(254,754,827)**	**(211,208,791)**
2020				
Finance costs	24	-	(184,415,514)	(184,415,514)
Loss on fair value of derivative financial instruments		(22,822,346)	-	(22,822,346)
		(3,643,042)	**(124,189,381)**	**(127,832,423)**

36. RISK MANAGEMENT (CONTINUED)

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
			COMPANY	
Gains and losses on financial assets				
2021				
Interest income	22	**-**	**108,837,299**	**108,837,299**
2020				
Interest income	22	**-**	**124,995,548**	**124,995,548**
Gains and losses on financial liabilities				
2021				
Finance costs	24	-	(207,713,547)	(207,713,547)
Loss on fair value of derivative financial instruments		35,681,430	-	35,681,430
		35,681,430	**(207,713,547)**	**(172,032,117)**
2020				
Finance costs	24	-	(182,900,201)	(182,900,201)
Loss on fair value of derivative financial instruments		(22,822,346)	-	(22,822,346)
		(22,822,346)	**(182,900,201)**	**(205,722,547)**

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 its 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 12, cash and cash equivalents disclosed in notes 9, and equity as disclosed in the statement of financial position.

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R

36. RISK MANAGEMENT (CONTINUED)

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Loans from subsidiaries	17	-	-	53,038,096	31,971,177
Financial liabilities	12	2,571,000,000	2,065,917,274	2,136,000,000	2,065,917,274
Finance lease liabilities	14	26,866,279	26,464,156	14,665,674	15,163,007
Trade and other payables	16	149,640,275	104,369,759	48,643,826	38,623,593
Total borrowings		**2,727,408,390**	**2,196,751,189**	**2,241,979,673**	**2,151,675,051**
Cash and cash equivalents	9	(40,662,301)	(47,683,869)	(31,089,109)	(33,896,158)
Net borrowings		**2,686,746,089**	**2,149,067,320**	**2,210,890,564**	**2,117,778,893**

The Group's loan agreements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The financial loan covenants comprise a Loan-to-Value Ratio that does not at any time exceed fifty percent, and an Interest Cover Ratio that is at all times at least 2.00 times. Neither of these covenants were breached at any time during the financial year.

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 and cash and cash equivalents.

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 assessed individually for creditworthiness before terms and conditions are offered, which 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.

36. RISK MANAGEMENT (CONTINUED)

Impairment of financial assets

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

- trade receivables; and
- loans receivable.

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

Trade receivables

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 over a period of 12 months before 28 February 2021 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, unemployment rate and inflation rate as the key macroeconomic 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 2021 was determined as follows for both trade receivables and loans receivable.

36. RISK MANAGEMENT (CONTINUED)

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

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
		GROUP		
2021				
Loans receivable	7	49,908,302	-	49,908,302
Trade and other receivables	8	52,395,906	(24,064,579)	28,331,327
Cash and cash equivalents	9	40,662,301	-	40,662,301
		142,966,509	**(24,064,579)**	**118,901,930**
2020				
Loans receivable	7	220,791,624	-	220,791,624
Trade and other receivables	8	27,298,943	(8,369,100)	18,929,843
Cash and cash equivalents	9	47,683,869	-	47,683,869
		295,774,436	**(8,369,100)**	**287,405,336**
		COMPANY		
2021				
Loans to subsidiaries	6	1,492,158,541	-	1,492,158,541
Loans receivable	7	45,290,167	-	45,290,167
Trade and other receivables	8	29,146,666	(15,890,764)	13,255,902
Cash and cash equivalents	9	31,089,109	-	31,089,109
		1,597,684,483	**(15,890,764)**	**1,581,793,719**
2020				
Loans to subsidiaries	6	1,214,310,428	-	1,214,310,428
Loans receivable	7	215,172,823	-	215,172,823
Trade and other receivables	8	17,439,622	(6,203,538)	11,236,084
Cash and cash equivalents	9	33,896,158	-	33,896,158
		1,480,819,031	**(6,203,538)**	**1,474,615,493**

36. RISK MANAGEMENT (CONTINUED)

Liquidity risk

The Group is exposed to liquidity risk as a result of future payment commitments, detailed below.

The Group mitigates its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements comprise 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 the 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 the contractual cash flows of financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

	Notes	Less than 1 year R	2 to 5 years R	Over 5 years R	Total R
					GROUP
2021					
Non-current liabilities					
Financial liabilities	12	901,245,520	1,812,479,300	-	2,713,724,820
Derivative financial instruments	13	-	-	-	-
Lease liabilities	14	3,263,951	10,532,101	495,031,364	508,827,416
					-
Current liabilities					
Trade and other payables	16	149,640,275	-	-	149,640,275
		1,054,149,746	**1,823,011,401**	**495,031,364**	**3,372,192,511**
2020					
Non-current liabilities					
Financial liabilities	12	-	2,157,054,200	-	2,157,054,200
Derivative financial instruments	13	28,187,755	-	-	28,187,755
Lease liabilities	14	3,117,117	11,726,030	497,516,874	512,360,021
					-
Current liabilities					
Trade and other payables	16	104,369,759	-	-	104,369,759
		135,674,631	**2,168,780,230**	**497,516,874**	**2,801,971,735**

36. RISK MANAGEMENT (CONTINUED)

	Notes	Less than 1 year R	2 to 5 years R	Over 5 years R	Total R
					COMPANY
2021					
Non-current liabilities					
Financial liabilities	12	901,245,520	1,352,501,600	-	2,253,747,120
Derivative financial instruments	13	-	-	-	-
Lease liabilities	14	2,487,051	6,565,948	258,837,553	267,890,552
Current liabilities					
Trade and other payables	16	48,643,826	-	-	48,643,826
Loans from subsidiaries	17	53,038,096	-	-	53,038,096
		1,005,414,493	**1,359,067,548**	**258,837,553**	**2,623,319,594**
2020					
Non-current liabilities					
Financial liabilities	12	-	2,157,054,200	-	2,157,054,200
Derivative financial instruments	13	26,465,388	-	-	26,465,388
Lease liabilities	14	2,410,844	8,120,436	260,185,603	270,716,883
Current liabilities					
Trade and other payables	16	38,623,593	-	-	38,623,593
Loans from subsidiaries	17	31,971,177	-	-	31,971,177
		99,471,002	**2,165,174,636**	**260,185,603**	**2,524,831,241**

Interest rate risk

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

The interest rate risk arises primarily from long term borrowings, which bear interest at rates linked to 3 month JIBAR and the prime lending rate. The Company's weighted average cost of borrowing is 3 month JIBAR plus 1.91%, excluding the amortisation of hedging costs and participation fees. The Group strategy is well-managed and monitored, and fifty percent of Group debt is hedged by way of interest rate swaps arrangements. The Company and Mall of Thembisa (Pty) Ltd interest rate swaps terminate on 11 December 2023 and 15 January 2024 respectively, as disclosed in note 13. Monitoring of international and local economic climate and aligning development and hedging strategy with views of future rate movements further mitigates the risk.

A 1% increase in the effective interest rate applicable to interest-bearing borrowings, will result in an increase in finance charges of R 21 429 513 (2020: R 20 628 109) before tax.

	Notes	Fair value R	Level 1 R	Level 2 R	Level 3 R

36. RISK MANAGEMENT (CONTINUED)

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 note 3 for assumptions applied to valuation of investment property).

	Notes	Fair value R	Level 1 R	Level 2 R	Level 3 R
					GROUP
2021					
Assets					
Investment properties	3	6,541,590,893	-	-	6,541,590,893
Derivative financial instruments	13	17,080,649	-	17,080,649	-
2020					
Assets					
Investment properties	3	5,788,843,340	-	-	5,788,843,340
Liabilities					
Derivative financial instruments	13	26,465,388	-	26,465,388	-

	Notes	Fair value R	Level 1 R	Level 2 R	Level 3 R
36. RISK MANAGEMENT (CONTINUED)					
					COMPANY
2021					
Assets					
Investment properties	3	3,271,236,539	-	-	3,271,236,539
Derivative financial instruments	13	9,216,042	-	9,216,042	-
Liabilities					
Derivative financial instruments	13	-	-	-	-
2020					
Assets					
Investment properties	3	3,305,003,826	-	-	3,305,003,826
Liabilities					
Derivative financial instruments	13	26,465,388	-	26,465,388	-

There have been no transfers between levels 1, 2 and 3 during the financial year.

Refer to notes 3 and 13 for the relevant valuation methods, inputs and assumptions made.

37. ACQUISITION OF ASSETS AND LIABILITIES BY THE GROUP

During the current year, Exemplar REITail acquired shares and shareholders' claims in Mall of Thembisa.

Management assessed the shares and shareholders' claims acquired and concluded that the acquisition was of a subsidiary and was dealt with under IAS 27 – Separate Financial Statements, IFRS 10 – Consolidated Financial Statements and IFRS 12 – Disclosure of Interests in Other Entities. The entity did not constitute a business as defined in terms of IFRS 3 – Business Combinations, as there were no adequate processes identified within the entity to warrant classification as a business.

Entities	2021 Interest acquired %	2020 Interest acquired %
Katale Square (Pty) Ltd	-	100.00
Mabopane Square (Pty) Ltd	-	100.00
Mall of Thembisa (Pty) Ltd	50.10	-

Assets and liabilities arising from the acquisitions are as follows:

Assets	**R**	**R**
Investment property	725,489,520	278,000,000
Operating lease asset	-	-
Property, plant and equipment	510,480	-
Loans receivable	-	-
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Liabilities		
Financial liabilities	(600,000,000)	-
Deferred tax	-	-
Trade and other payables	-	-
Fair value of net assets acquired	**126,000,000**	**278,000,000**
Non-controlling interest	(47,415,195)	-
Fair value of Exemplar REITail's share of net assets acquired	**78,584,805**	**278,000,000**
Cash and cash equivalents acquired	**-**	**-**

The shares in and claims against Mall of Thembisa were acquired through the issue of ordinary shares in the Company. On 10 December 2020, 7 262 921 shares were issued at R10.82 each in respect of the acquisition.

The shares in and claims against Katale Square (Pty) Ltd and Mabopane Square (Pty) Ltd were acquired in the prior year through the issue of ordinary shares in the Company and cash of R 221 757 270. On 1 July 2019, 1 812 327 shares were issued at R10,69 each and on 1 November 2019, 3 381 302 shares were issued at R10,90 each in respect of the Katale Square and Mabopane Square acquisitions.

38. JOINT OPERATIONS

Profits and losses resulting from the transactions with the joint operations are recognised in the Group's consolidated annual financial statements only to the extent of interests that are not related to the Group.

The Group accounts for the assets, liabilities, revenues and expenses relating to joint operations 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:

	2021 %	2020 %
Acornhoek Megacity	43.98	43.98
Chris Hani Crossing	50.00	50.00
Jane Furse Plaza	29.83	29.83
Kwagga Mall	43.51	43.51
Maake Plaza	30.00	30.00
Modjadji Plaza	70.00	70.00
Tsakane Mall	50.00	50.00

	GROUP	
	2021 R	**2020 R**

38. JOINT OPERATIONS (CONTINUED)

Exemplar's share of profit and loss and net assets:		
Statement of profit or loss and other comprehensive income		
Rental income and recoveries	186,808,864	196,854,210
Straight-line lease income adjustments	(2,462,157)	(8,945,082)
Property operating expenses	(59,285,388)	(58,917,519)
Profit from operations	**125,061,318**	**128,991,609**
Fair value adjustment to investment properties	(66,405,018)	(27,636,058)
Profit before taxation *(excl. finance costs and other income)*	**58,656,300**	**101,355,551**
Statement of financial position		
Opening fair value of property assets	1,659,872,053	1,687,403,825
Additions	7,643,040	4,345,324
Net movement in tenant installations	(106,047)	866,095
Fair value adjustment	(66,405,017)	(27,636,058)
Lease liability	(4,323,270)	3,837,949
Operating lease asset	(2,462,156)	(8,945,082)
Closing fair value of property assets	1,594,218,603	1,659,872,053
Property, plant and equipment	206,266	267,980
Current assets	249,364,800	206,755,752
Total assets	**1,843,789,669**	**1,866,895,785**
Equity	1,912,866,144	2,007,764,339
Deferred taxation	(45,908,690)	(46,003,488)
Finance lease liabilities	-	(4,028,713)
Current liabilities	(23,167,785)	(90,836,353)
Total equity and liabilities	**1,843,789,669**	**1,866,895,785**

All joint operations have their principal place of business in South Africa.

39. CONTINGENCIES

A claim has been made by a competing developer. The claim is being defended and is still in progress, although pleadings have now closed. The attorneys are of the view that the prospects of successfully defending the matter, based on a special plea of prescription, are sound.

ANNEXURE - SEGMENT REPORT

SEGMENT ANALYSIS

The Group identifies and presents operating segments based on information that is provided to the Group's management and internal reporting structure as determined by the Group's executive committee. The Group's management reviews the performance of its investment properties 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, being:

- Gauteng;
- Mpumalanga;
- KwaZulu Natal;
- Limpopo;
- 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	Investment property fair value	Revenue	Straight line lease income adjustments	Property operating expenses	Change in fair values	Net income
2021	**m²**	**R**	**R**	**R**	**R**	**R**	**R**
Gauteng	172,716	3,471,646,941	351,782,493	5,407,197	(122,890,081)	71,423,325	305,722,934
Mpumalanga	85,920	1,304,749,603	171,425,623	5,766,354	(61,882,403)	(112,138,064)	3,171,510
KwaZulu Natal	57,398	772,000,000	119,315,005	(3,157,303)	(50,654,809)	(3,253,160)	62,249,733
Limpopo	52,690	783,469,000	112,131,662	(1,668,329)	(45,761,911)	2,386,723	67,088,145
Eastern Cape	13,597	209,725,349	28,149,816	53,443	(12,093,575)	2,057,217	18,166,901
	382,321	**6,541,590,893**	**782,804,599**	**6,401,362**	**(293,282,779)**	**(39,523,959)**	**456,399,223**

	GLA	Investment property fair value	Revenue	Straight line lease income adjustments	Property operating expenses	Change in fair values	Net income
2020	**m²**	**R**	**R**	**R**	**R**	**R**	**R**
Gauteng	134,371	2,640,505,340	313,787,259	(14,406,444)	(115,736,281)	85,446,766	269,091,300
Mpumalanga	85,920	1,402,369,000	172,244,835	(2,410,789)	(60,978,956)	(9,776,990)	99,078,100
KwaZulu Natal	57,398	779,000,000	118,962,050	(1,182,711)	(49,197,000)	26,809,153	95,391,492
Limpopo	52,690	779,969,000	114,864,531	1,529,754	(48,956,776)	1,271,405	68,708,913
Eastern Cape	13,597	187,000,000	26,569,621	(446,412)	(9,335,836)	10,029,533	26,816,906
	343,976	**5,788,843,340**	**746,428,296**	**(16,916,602)**	**(284,204,849)**	**113,779,867**	**559,086,711**

ANNEXURE - DISTRIBUTABLE EARNINGS RECONCILIATION

THE FOLLOWING ANNEXURE DOES NOT FORM PART OF THE IFRS FINANCIAL STATEMENTS

	Group	
	2021 R	**2020 R**
DISTRIBUTABLE EARNINGS RECONCILIATION		
Net property income	**456,399,223**	**559,086,711**
Other income	16,827,870	34,243,047
Administrative expenses and corporate costs	(32,621,784)	(32,836,475)
Interest income	23,753,876	26,759,863
Finance costs	(254,754,827)	(184,415,514)
Fair value adjustment to derivative financial instruments	43,546,036	(22,822,346)
Taxation	(17,340,855)	9,063,012
Total comprehensive income	**235,809,539**	**389,078,298**
Distributable earnings adjustments:		
Attributable to non-controlling interests	(4,292,020)	(27,663,113)
Fair value adjustment to investment properties	39,523,959	(113,779,867)
Non-controlling interest in fair value adjustment to investment properties	(9,824,955)	15,331,692
Straight-line lease income adjustments	(6,401,362)	16,916,602
Non-controlling interest in straight-line lease income adjustments	3,198,872	1,508,042
Lease liability adjustment - rent paid	(3,156,481)	(2,358,708)
Lease liability adjustment - interest on lease	3,780,118	3,403,479
Non-controlling interest in lease liability adjustments	(440,087)	(408,408)
Fair value adjustment to derivative financial instruments	(43,546,036)	22,822,346
Settlement costs of derivative financial instruments amortised	50,382,610	-
Non-controlling interest in settlement costs of derivative financial instruments amortised	(3,433,318)	-
Depreciation expense on solar projects	(951,420)	-
Deferred tax movement	17,340,855	(9,063,012)
Antecedent adjustment	1,949,534	2,589,600
Distributable income	**279,939,808**	**298,376,951**

	Group	
	2021 **R**	**2020** **R**

DISTRIBUTABLE EARNINGS RECONCILIATION (CONTINUED)

	2021 R	2020 R
Distributable income per share (cents)	85,03155	92,26859
Distributable income for the year	279,939,808	298,376,951
Interim dividend paid	(116,895,874)	(140,743,075)
Dividend per share (cents)	35,96489	43,77000
Number of shares	325,027,765	321,551,463
Final dividend	163,043,941	157,633,876
Dividend per share (cents)	49,06666	48,49859
Number of shares	332,290,686	325,027,765
Dividend per share for the 12 months (cents)	**85,03155**	**92,26859**

DIEPKLOOF SQUARE *Soweto, Gauteng*

EXEMPLAR

SHAREHOLDER INFORMATION

SHAREHOLDER ANALYSIS

Analysis of ordinary shareholders as at 28 February 2021

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 - 1 000 shares	32	27.35	10 147	0.00
1 001 - 10 000 shares	16	13.68	65 352	0.02
10 001 - 100 000 shares	33	28.21	1 283 660	0.39
100 001 - 1 000 000 shares	16	13.68	6 461 839	1.94
Over 1 000 000 shares	20	17.08	324 469 688	97.65
Total	**117**	**100.00**	**332 290 686**	**100.00**
Distribution of shareholders				
Individuals	84	71.79	6 084 707	1.83
Private companies	24	20.51	317 115 489	95.43
Trusts	6	5.13	6 300 106	1.90
Close corporations	3	2.57	2 790 384	0.84
Total	**117**	**100.00**	**332 290 686**	**100.00**
Shareholder type				
Non-public shareholders				
Extended family of a director	2	1.71	3 272 731	0.98
Directors and associates of a director	10	8.55	260 334 773	78.35
Share scheme	1*	0.85	1 000 000	0.30
Public shareholders	104	88.89	67 683 182	20.37
Total	**117**	**100.00**	**332 290 686**	**100.00**

** Note that the share scheme holder also qualifies as an associate, but only reflects under share scheme*

Shareholders holding 3% or more				
McCormick Property Development Pty Ltd			200 318 534	60.28
Thorntree Shopping Centre Pty Ltd			24 006 372	7.22
Diepkloof Plaza Pty Ltd			16 440 379	4.95
Edendale Mall Pty Ltd			16 417 648	4.94
Blouberg Mall Pty Ltd			14 557 154	4.38
Olievenhout Plaza Pty Ltd			12 810 228	3.86
Total			**284 550 315**	**85.63**

SHAREHOLDER DIARY

Record date for receipt of notice purposes	Friday, 4 June 2021
Posting date	Tuesday, 15 June 2021
Last day to trade in order to be eligible to vote	Tuesday, 6 July 2021
Record date for voting purposes	Friday, 9 July 2021
For administration purposes, forms of proxy to be lodged by 15h00 on	Monday, 12 July 2021
AGM to be held at 15h00 on	Wednesday, 14 July 2021
Results of AGM released on SENS on or before	Friday, 16 July 2021

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 and Leyden Avenue, Clubview, Centurion, on Wednesday, 14 July 2021 at 15h00, for the purpose of considering and, if deemed fit, adopting with or without modification, the resolutions set out below, and dealing with such other business as may lawfully be dealt with at the AGM.

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 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
LEI: 3789000558287E37F130
('**Exemplar**' or the '**Company**')

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1:
Re-election of directors retiring by rotation

'Resolved that the following directors who retire by rotation in accordance with the Company's memorandum of incorporation and who, being eligible, offer themselves for re-election, be re-elected as directors of the Company, each by way of a separate vote:

1.1 Peter J Katzenellenbogen;
1.2 Elias P Maponya; and
1.3 Jason McCormick'

The abbreviated curriculum vitae of the aforementioned directors is available on pages 46 to 49 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 1.1 to 1.3 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 2:
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 auditors 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 2 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 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:

3.1 Peter J Katzenellenbogen
(subject to re-election as a director per ordinary resolution 1);

3.2 Frank M Berkeley; and

3.3 Elias P Maponya
(subject to re-election as a director per ordinary resolution 1),

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 46 to 49 of the IAR of which this notice forms part.

In order for ordinary resolutions 3.1 – 3.3 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:

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 33 229 068 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 33 229 068 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% to the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue (the 'reference period') is agreed between the Company and the party subscribing for the shares (the 'reference price'), provided that the reference price shall be reduced by the amount of any dividend if:
   - the 'ex' date for shareholders to be recorded on the share register in order to receive the relevant dividend occurs during the reference period; and or
   - the shares to be issued shall only be issued after the 'ex' date; 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 information (if any), of the intended use of the funds.'

In terms of the JSE Listings Requirements, in order for ordinary resolution 4 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 5:

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 4, the non-binding advisory resolutions 1 - 2, and special resolutions 1 - 4, which are passed by the shareholders in accordance with and subject to the terms thereof.'

In order for ordinary resolution 5 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 page 64, 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 pages 60 to 64, 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) of the Companies Act, 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 FY2021
Chair	R436 800
Non-executive member of the board	R327 600

PROPOSED FEES FOR FY2022

	Frank M Berkeley R	Gregory VC Azzopardi R	Elias P Maponya R	Peter J Katzenellenbogen R
COMPANY				
Chair	440 000			
Other non-executive directors		330 000	330 000	330 000
AUDIT AND RISK COMMITTEE				
Chair				100 000
Other members	60 000		60 000	
REMUNERATION COMMITTEE				
Chair		60 000		
Other members	36 000			36 000
SOCIAL AND ETHICS COMMITTEE				
Chair			40 000	
Other member		25 000		
	536 000	**415 000**	**430 000**	**466 000**

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 a 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 have 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 148 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 2021 and up to the date of this notice.

Share capital of the Company:

- Refer to page 148 of the IAR.

Directors' responsibility statement:

- The directors, whose names appear on page 72 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 in terms of section 45 of the Companies Act

'Resolved that, to the extent required by the Companies Act, the board may, subject to 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 a director or prescribed officer of the Company or of a related or inter-related company (as defined in the Companies Act), or 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, or to a member of a related or inter-related corporation (as defined in the Companies Act), or to a person related to any such company, corporation, director, prescribed officer or member, 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 3 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 persons referred to in special resolution 3.

SPECIAL RESOLUTION 4:

Financial assistance in terms of section 44 of the Companies Act

'Resolved that, to the extent required by the Companies Act, the board may, subject to 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 44 of the Companies Act, by way of a loan, guarantee, the provision of security or otherwise, to any person, for the purpose of or in connection with the subscription of any option or any securities issued or to be issued by the Company or a related or inter-related company (as defined in the Companies Act), or for the purchase of any securities of the Company or a related or inter-related company (as defined in the Companies Act), 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 4 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 4

The Company would like the ability to provide financial assistance, if necessary, in accordance with section 44 of the Companies Act. Therefore, the reason for and effect of special resolution 4 is to permit the Company to provide financial assistance (within the meaning attributed to that term in section 44 of the Companies Act) to the persons and for the purposes referred to in special resolution 4.

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IMPORTANT DATES AND TIMES

Record date for receipt of notice purposes	Friday, 4 June 2021
Posting date	Tuesday, 15 June 2021
Last day to trade in order to be eligible to vote	Tuesday, 6 July 2021
Record date for voting purposes	Friday, 9 July 2021
For administration purposes, forms of proxy to be lodged by 15h00 on	Monday, 12 July 2021
AGM to be held at 15h00 on	Wednesday, 14 July 2021
Results of AGM released on SENS on or before	Friday, 16 July 2021

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, 9 July 2021.

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 15h00 on Monday, 12 July 2021 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 15h00 on Monday, 12 July 2021 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, drivers' 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 15h00 on Monday, 12 July 2021, 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.

In light of the directive announced on 23 March 2020 by the President of South Africa in terms of section 27(1) of the Disaster Management Act, No. 57 of 2002 implementing a nationwide lockdown with effect from 26 March 2020 and which has been extended from time to time ('Lockdown'), and the guidance from the South African Government regarding the need for social distancing, as a result of the COVID-19 pandemic, shareholders are encouraged to make use of proxies at the AGM. In the event of a future Lockdown, future regulations or directives or preventative measures relating to COVID-19, shareholders or their proxies may be prevented from attending the AGM in person. In such circumstances, Exemplar may determine, by way of notice to shareholders published on SENS by no later than 10 (ten) business days prior to the AGM, that the AGM will take place entirely by electronic means and/or that shareholders or their proxies will be entitled to vote electronically, which notice will include details and instructions of such arrangement.

ANANDA BOOYSEN

COMPANY SECRETARY

FORM OF PROXY

FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

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
LEI: 3789000558287E37F130
('**Exemplar**' or the '**Company**')

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 and Leyden Avenue, Clubview, Centurion, on Wednesday, 14 July 2021 at 15h00 (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		*(names 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: Re-election of directors retiring by rotation:			
1.1 Peter J Katzenellenbogen			
1.2 Elias P Maponya			
1.3 Jason McCormick			
Ordinary resolution 2: Re-appointment of external auditor			
Ordinary resolution 3: Re-appointment of members of the Audit and Risk Committee:			
3.1 Peter J Katzenellenbogen (subject to re-election as a director per ordinary resolution 1)			
3.2 Frank M Berkeley			
3.3 Elias P Maponya (subject to re-election as a director per ordinary resolution 1)			
Ordinary resolution 4: General authority to issue shares for cash			
Ordinary resolution 5: 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 in terms of section 45 of the Companies Act			
Special resolution 4: Financial assistance in terms of section 44 of the Companies Act			

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

Signed at: on 2021

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 initialled 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 15h00 on Monday, 12 July 2021.
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 initialled 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
Private Bag X9000
Saxonwold
2132
South Africa

FAX TO:
F +27 11 688 5238

EMAIL TO:
Proxy@Computershare.co.za

to be received, for administrative purposes, by 15h00 on Monday, 12 July 2021.

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
Corner Lyttelton Road and Leyden Avenue
Clubview, Centurion, 0157
+27 12 660 3020
info@exemplarreit.co.za

COMPANY SECRETARY
Ananda Booysen
+27 12 660 3020
ananda@exemplarreit.co.za

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

CORPORATE ADVISOR AND SPONSOR
Java Capital
6th Floor, 1 Park Lane, Wierda Valley
Sandton, 2196
+27 11 722 3050

AUDITORS
BDO South Africa Incorporated
Wanderers Office Park, 52 Corlett Drive
Illovo, 2196
+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
LEI: 3789000558287E37F130

ACRONYMS AND DEFINITIONS

AFS	Annual financial statements
AGM	Annual general meeting
Audit and Risk Committee	The audit and risk committee of the Company, being a committee of the Exemplar board
B-BBEE	Broad-based black economic empowerment
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
CSDP	Central Securities Depository Participant
CSI	Corporate social investment
DPS	Distribution per share
EPS	Earnings per share
Exemplar or the Company	Exemplar REITail Limited
FY2020	Financial year ending 29 February 2020
FY2021	Financial year ending 28 February 2021
FY2022	Financial year ending 28 February 2022
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
JSE	JSE Limited
JSE Listings Requirements	JSE Limited Listings Requirements
King IV	King IV Report on Corporate Governance for South Africa 2016
LTV	Loan to value ratio
MPD	McCormick Property Development Proprietary Limited
NAV	Net asset value
NTAV	Net tangible asset value
OPF	The One People Fund
PV	Photovoltaic
REIT	Real estate investment trust
Remco or Remuneration Committee	The remuneration committee of the Company, being a committee of the Exemplar board
SENS	Stock Exchange News Service of the JSE
Social and Ethics Committee	The social and ethics committee, being a committee of the Exemplar board

GREATER EDENDALE MALLL *Pietermaritzburg, KZN*

EXEMPLAR

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

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