EXEMPLAR

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EXEMPLAR INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED 28 FEBRUARY 2022

2022 INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

EXEMPLAR

Mall of Thembisa

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2022 HIGHLIGHTS

FINANCIAL CAPITAL

Final dividend of **72,25371** cents per share (cps) for the six months ended 28 February 2022, bringing the total dividend for the period to **117,598817** cps. An **increase** of **38%**

Net asset value (NAV) of **R12,29 per share**

Loan-to-value ratio (LTV) of **35.2%**

MANUFACTURED CAPITAL

Development of **KwaBhaca Mall** and **Bizana Walk** (both planned to open FY2023) in the Eastern Cape – the first two projects to be developed within Exemplar

Restored **61 866m²** of Exemplar-owned gross lettable area (GLA) damaged in the July 2021 riots

NATURAL CAPITAL

Increased investment in rooftop photovoltaic (PV) systems across **14 assets**, thus increasing the portfolio's installed capacity to **15,2MW$_{DC}$** from **6,3MW$_{DC}$**

HUMAN CAPITAL

Average tenure of **seven years** per employee within the Exemplar Group

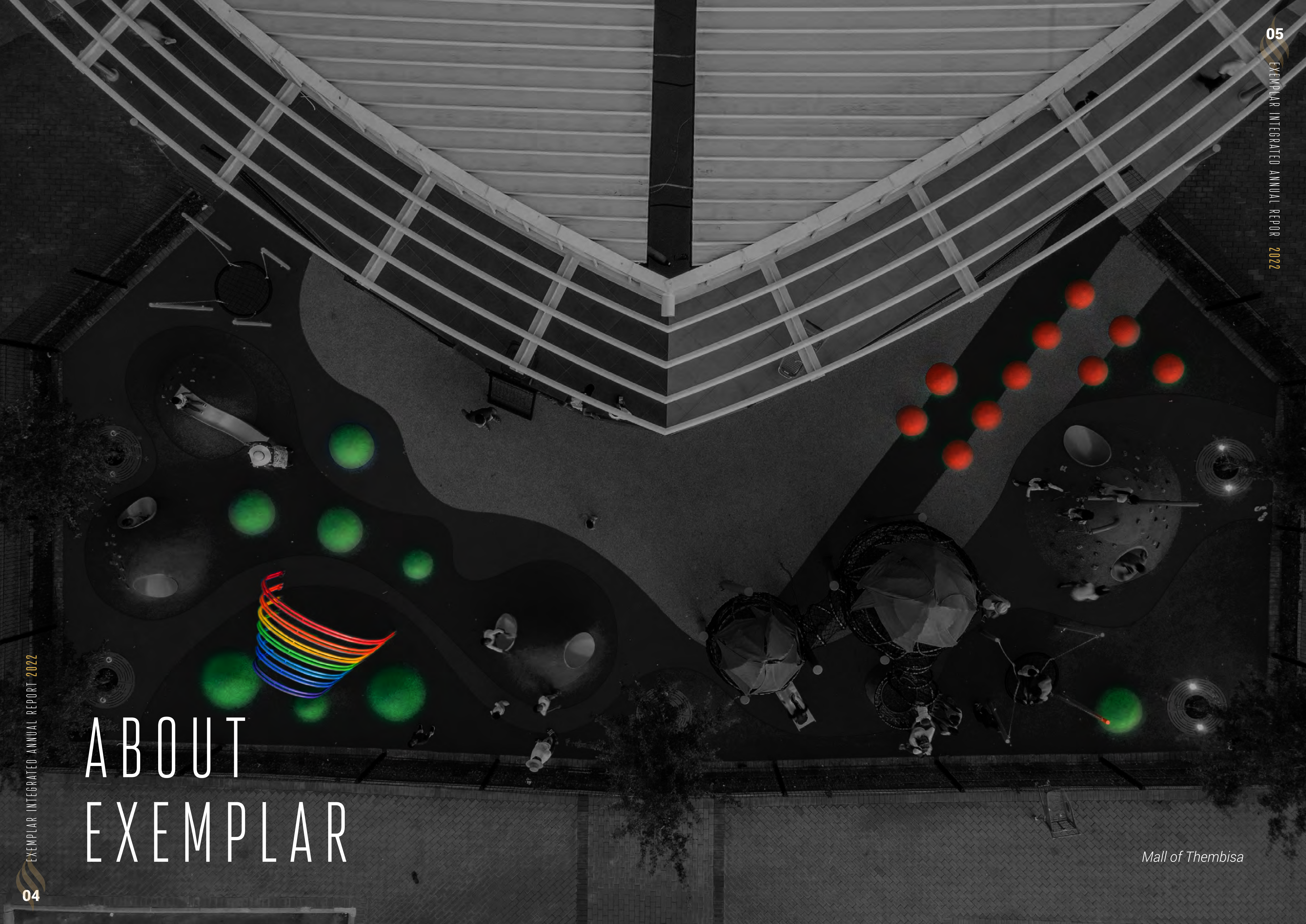
Average senior management employee tenure of **19 years** within the Exemplar Group

Combined skill set of **631 years** within the Exemplar Group

SOCIAL AND RELATIONSHIP CAPITAL

R3,4 million worth of donations made via **#ChangeforGood**

Mall of Thembisa



ABOUT EXEMPLAR

Mall of Thembisa

ABOUT THIS REPORT

Our integrated annual report (IAR) is an annual publication presenting an overview of Exemplar REITail Limited's (Exemplar or the Company) performance and insight into plans for creating and maintaining sustainable value for all shareholders in the short, medium and long term.

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 stakeholders. It contains detailed information for the financial year ended 28 February 2022 (FY2022 or the period under review).

Details of acquisitions, investments in subsidiaries, joint ventures and jointly controlled assets can be found in the annual financial statements (AFS) starting on page 74.

Assurance and reporting principles

The requirements of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1], the JSE Limited (JSE) Listings Requirements and the International Integrated Reporting Framework of the International Integrated Reporting Council (International <IR> Framework) have all been taken into consideration when compiling this report.

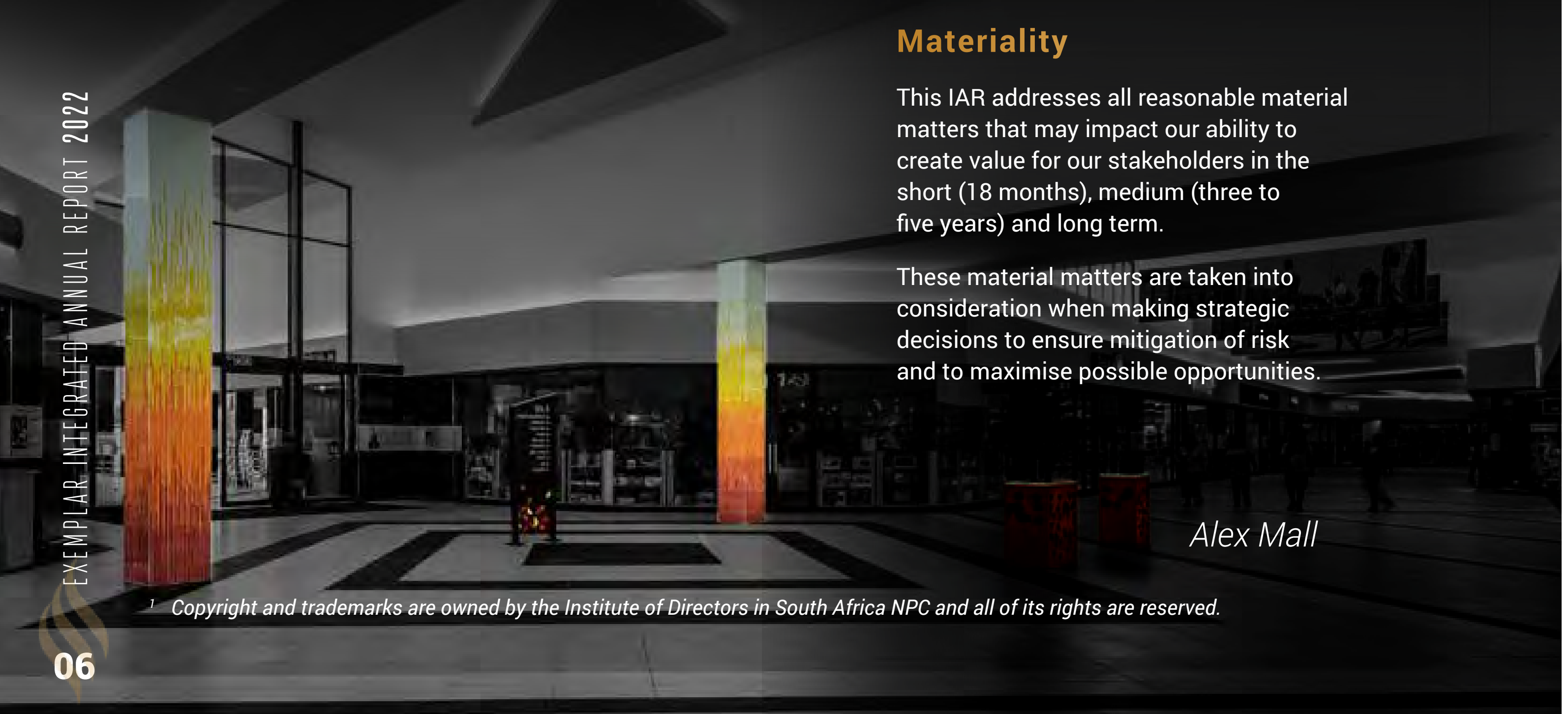
The AFS have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as the requirements of the Companies Act, 71 of 2008, as amended (Companies Act). Assurance has been received from our external auditor, BDO South Africa Incorporated, on the presentation of the AFS.

The independent auditor's report can be viewed on pages 85 to 87.

Materiality

This IAR addresses all reasonable material matters that may impact our ability to create value for our stakeholders in the short (18 months), medium (three to five years) and long term.

These material matters are taken into consideration when making strategic decisions to ensure mitigation of risk and to maximise possible opportunities.



Alex Mall

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Exemplar applies the principle of materiality in assessing what information should be included in this IAR, focusing on risks, opportunities and challenges that may impact our ability to create and preserve value while minimising the erosion of value for all stakeholders. Our material matters influence the strategy of Exemplar and its subsidiaries (the Group) and inform our business model.

Executive management identifies, prioritises and assesses the material matters as part of Group business planning before the board of directors (board) approves and endorses them. All material matters are continuously assessed to ensure Exemplar's strategic relevance in the changing operating context.

Material changes

Exemplar continues with its diversification into rural retail property development in conjunction with its focus on ownership and management.

Extensive emphasis continues to be placed on the sustainability of the portfolio with a primary focus on the continued installation of rooftop PV systems and the provision of affordable water and waste utilities.

Forward-looking statements

This IAR contains forward-looking statements regarding the Group's 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 this IAR.

The Audit and Risk Committee report (commencing on page 80) 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

Jason McCormick
Chief executive officer (CEO)

Duncan A Church
Chief financial officer (CFO)

Gregory VC Azzopardi
Independent non-executive director

Peter J Katzenellenbogen
Lead independent director

Nonyameko Mandindi
Independent non-executive director

Elias P Maponya
Independent non-executive director

John McCormick
Executive director

Request for feedback

Your feedback on the contents and presentation of this IAR is welcome and will assist us in improving the quality and relevance of future reports. Please send any feedback on reporting content or requests for copies to info@exemplarreit.co.za.

WHO WE ARE

Exemplar is a market leading developer, 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 and, as the only fund in the country focused purely on under-serviced retail, offers stakeholders a unique investment opportunity.

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

We aquire, develop, own and manage assets that provide essential and convenient retail while focusing on the continual improvement and development of the local communities within which they are located.

We provide retail essentials to our local communities

Creation of positive socio-economic impact

Invest to own for the long term

We invest to own for the long term, with options to acquire retail assets developed by McCormick Property Development (Pty) Ltd (MPD) that are congruent with our existing portfolio on an arm's length transaction basis.

Internally managed

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

We have a 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

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.

PURPOSE

To provide convenient and essential retail opportunities to the communities in which our assets are based.

VISION

To continue to be a leading owner, developer and manager of rural and township retail space.

MISSION

To provide retail services while acting as a catalyst for economic upliftment and job creation.

CORE OBJECTIVES

Creating positive socio-economic change through sustainable community development, skills transfer and social upliftment programmes.

OUR SEVEN PILLARS OF VALUE CREATION

01 Property development

Exemplar is rooted in MPD, a company that has pioneered township and rural retail development for almost four decades.

MPD's long history in the sector brings inherent knowledge and expertise to our approach to property development, as well as offering Exemplar a pipeline of quality development opportunities.

Exemplar is able to leverage the inherited generational knowledge of MPD to provide an innovative retail experience.

02 Team

Exemplar is a team.

We offer stakeholders 631 combined years of service and the team members managing each asset have been involved with them from pre-development stages.

03 Ownership

We own a portfolio of 23 assets spanning 382 483m² across five provinces.

04 Hands-on management

With an additional 189 381m² under management, our team ensures we provide the best service and experience for our key stakeholders, including our co-owners, tenants and community members.

Leadership provides hands-on guidance and assists the team in ensuring positive value creation for all stakeholders.

05 Leasing

We value our relationships with our retailers and communities. Our leasing team focuses on ensuring that our tenant mix meets the needs of our communities.

This includes ensuring the correct tenant offering and managing our vacancy rate.

06 Solar PV and utilities

We have invested extensively in solar PV to minimise our environmental impact while ensuring self-sufficiency and maximising cost-efficiency by lowering municipal utility costs.

07 Positive #ChangeforGood

We are proud of our community-first approach.

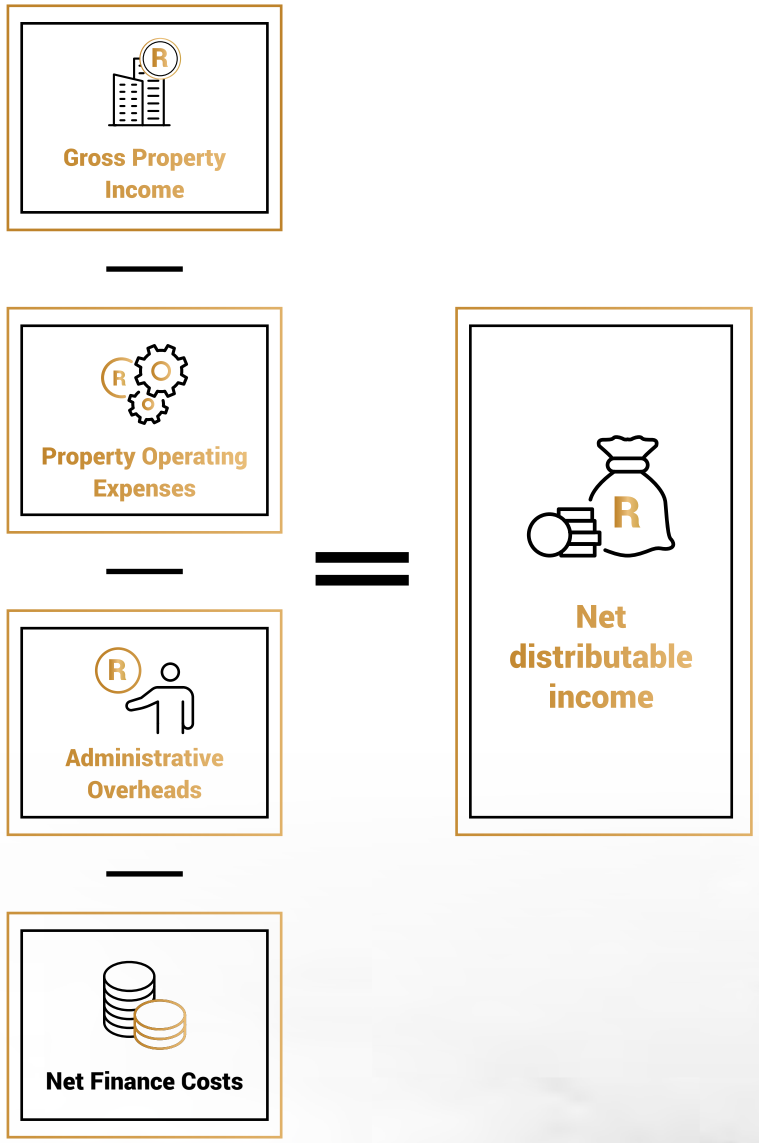
Our goal is to uplift and upskill the communities surrounding our assets by driving positive **#ChangeforGood** in all that we do.

INVESTMENT CASE AND MARKET POSITIONING

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

The Exemplar business model 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, which has been the best-performing retail niche in recent years, 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, allows 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.

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 83.66% of the portfolio being A-rated tenants.

Our close working relationship with tenants, the majority of which trade at more than 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 that we remain well-positioned within our market niche. We believe that we have all the ingredients necessary to ensure sustainable income distributions.

The defensive nature of our portfolio, being well-located geographically, and having a 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, and this contention was tested to the extreme in the last two years.

Our well-positioned and well-managed business has culminated in an exceptional set of results. While many other REITs have been focusing on rebuilding over-stretched balance sheets, ours has gone from strong to stronger. The LTV has improved to 35.2% while the property portfolio has gained R495,9 million in fair value on the back of what we believe to be conservative valuation assumptions. Our strong balance sheet has enabled us to do what many others have shied away from – pay dividends.

The FY2022 dividends total 117,6 cps and represent a 38.3% increase on the prior year. From a growth perspective, we also have a substantial acquisition and development pipeline. All things considered, Exemplar represents a very compelling investment case.

Value creating 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

What differentiates us?

- The only REIT focused solely 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 teams
- Our ability to rapidly innovate and adapt
- Strategic relationship with MPD

Mall of Thembisa

INVESTMENT PORTFOLIO

The Exemplar portfolio includes **23 retail centres** spanning **382 483m²** across five provinces and is valued at **R7,042 billion**

Exclusively focused on **rural and township retail**, Exemplar manages an additional **189 381m²** of leasable space for other landlords

GAUTENG

Alex Mall
29 137m²
Alexandria
Economic interest **100%**

Atteridgeville
4 797m²
Atteridgeville
Economic interest **100%**

Mabopane Square
10 398m²
Mabopane
Economic interest **100%**

Chris Hani Crossing
40 760m²
Vosloorus
Economic interest **50%**

Mall of Thembisa
44 780m²
Thembisa
Economic interest **50.1%**

Thorntree Shopping Centre
15 620m²
Soshanguve
Economic interest **100%**

Diepkloof Square
15 446m²
Soweto
Economic interest **100%**

Olievenhout Plaza
16 314m²
Olievenhoutbosch
Economic interest **100%**

Isakane Mall
32 073m²
East Rand
Economic interest **50%**

LIMPOPO

Blouberg Mall
13 333m²
Bochum
Economic interest **100%**

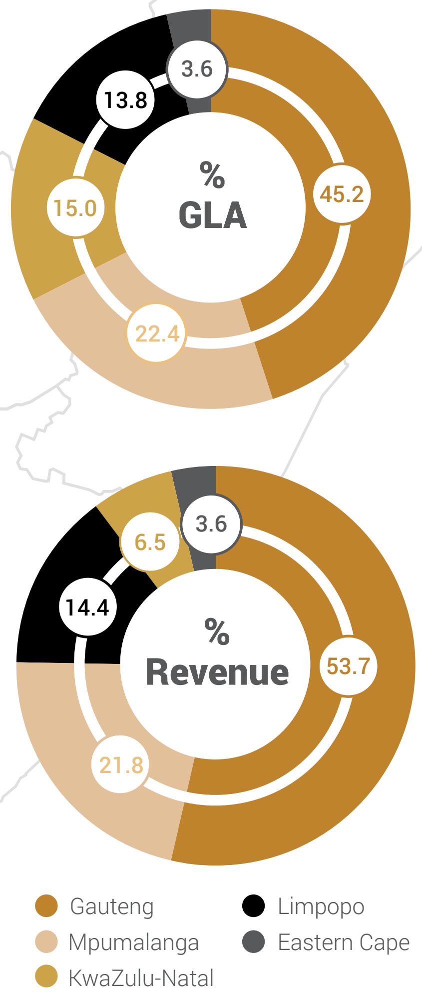
Jane Furse Plaza
18 904m²
Jane Furse
Economic interest **29.83%**

Maake Plaza
14 394m²
Tzaneen
Economic interest **30%**

Modi Mall
22 536m²
Modimolle
Economic interest **100%**

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

Tenants by geographic segment



MPUMALANGA

25 200m²
Bushbuckridge
Economic interest **43.98%**

23 427m²
Emoyeni
Economic interest **100%**

34 443m²
Kwaggafontein
Economic interest **43.51%**

8 734m²
Marapyane
Economic interest **100%**

27 693m²
KwaMhlanga
Economic interest **53%**

EASTERN CAPE

13 597m²
Lusikisiki
Economic interest **100%**

KWAZULU-NATAL

31 348m²
Pietermaritzburg
Economic interest **100%**

11 881m²
Mandeni
Economic interest **50%**

14 159m²
Newcastle
Economic interest **82.5%**

UNDER DEVELOPMENT

EASTERN CAPE

Bizana Walk
6 800m²
Bizana
Economic interest **60%**

18 900m²
KwaBhaca (Mount Frere)
Economic interest **60%**

LIMPOPO

Vuwani Mall
13 563m²
Thohoyandou
Economic interest **65%**

PORTFOLIO PERFORMANCE

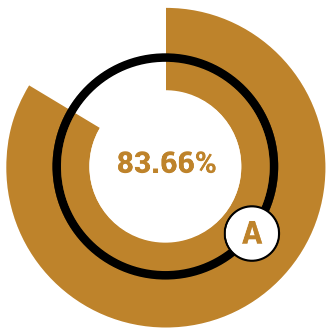
12.1% increase in rental income and recoveries

Weighted average investment property capitalisation rate of **8.90%**

Portfolio fair value **R7,042 billion**

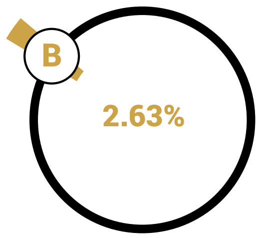
Weighted average rental of **R150,36 per m^2**

TENANT GRADING



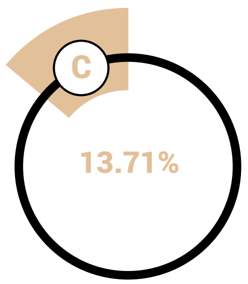
Category A

Large international and national tenants as well as government or smaller tenants in respect of which rental guarantees are issued. These include but are not limited to: Pick n Pay, Checkers, Shoprite, SUPERSPAR, Game, Cashbuild, Builders Superstore, The Truworths Group, The Foschini Group, The 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. These include but are not limited to: Express Stores, Drip, Delicious Fish & Chips, Vursa and Pedros.



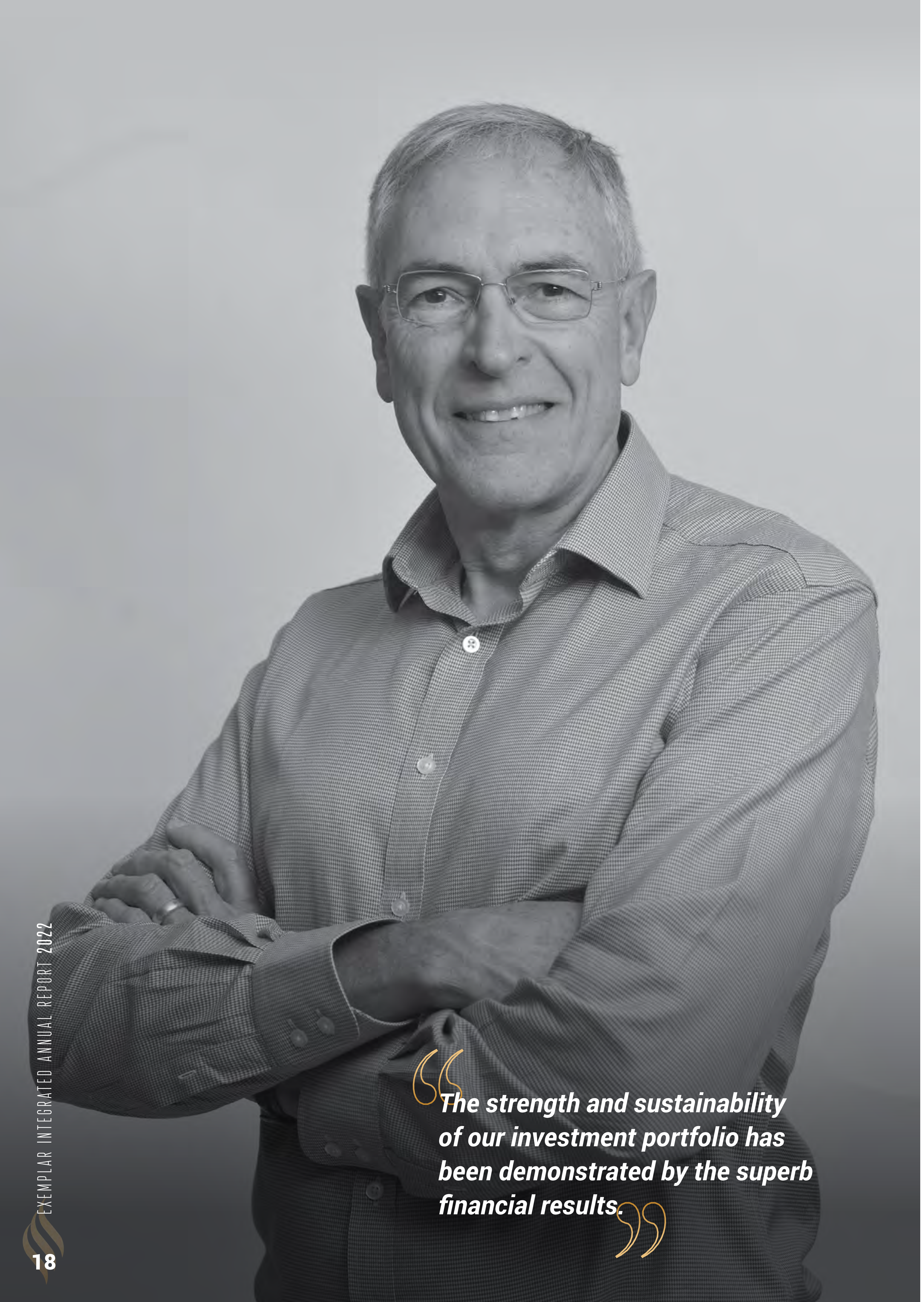
Category C

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 2022)	3.75%	
Monthly	2.95%	2.31%
February 2023	16.27%	19.19%
February 2024	23.59%	24.92%
February 2025	14.18%	15.43%
February 2026	17.77%	17.22%
After February 2026	25.24%	20.93%

Chris Hani Crossing



The strength and sustainability of our investment portfolio has been demonstrated by the superb financial results.

CHAIR'S REPORT

In last year's report I stated that the twelve months ended 28 February 2021 had proved to be the most difficult that the property industry had experienced in living memory. I am pleased to say that for Exemplar, FY2022 proved to be a better year as our country slowly came to terms with COVID-19 and economic activity started to improve. After a very slow start to the implementation of the COVID-19 vaccination programme, momentum grew and a degree of normality started to return to our lives.

Then in July 2021, what has been euphemistically called civil unrest, but which should better be described as hooliganism, violence, looting and anarchy, swept through many areas of Gauteng and Kwa-Zulu Natal resulting in damage estimated to be in the region of R75 billion. What characterised these appalling events was the almost total absence of the government's security forces while property was looted and destroyed with impunity by the rampaging mobs. For days the police were either absent or stood idly watching while massive property destruction occurred on an unprecedented scale. It was only the rapid and exceptionally efficient actions taken by our people at Exemplar, often at considerable personal risk, which prevented the destruction of many of our assets. Had the government not been either completely ineffectual or unwilling to act decisively, our people need never have been exposed to such serious danger to protect our assets. For this we are extremely grateful to all our staff, who once again exceeded our already high expectations. The leadership shown by our executives during this period was nothing short of exceptional. The board's view that all our people are leaders, whatever role they may have in our organisation was once again demonstrated. Following the enormous insurance claims, the South African Special Risks Insurance Association's (SASRIA) reserves appear to have been depleted and there is doubt whether adequate insurance cover would again be available to mitigate losses should a repetition of such riots occur in the short to medium term.

Much has been written and spoken about what South Africa requires to return to a growth path of sufficient magnitude to provide the millions of jobs that the country needs to create. It seems to me that the most important factors to grow our economy and give our people the self-respect of having employment to allow them to provide a decent life to their families, are courageous and principled political leadership coupled with efficient management systems and processes in government, both of which are, to an overwhelmingly large degree, currently absent.

The power of courageous leadership has seldom been better demonstrated in the last fifty years than by the actions of President Zelenskyy of the Ukraine who has provided inspirational leadership at a new level. Who wouldn't have bet that his country would have been completely overrun within a matter of weeks by one of the world's superpowers? This is the quality of leadership that we wish for and should demand in South Africa.

No company can operate in a vacuum and given the economic environment in which we operate, Exemplar's performance has been more than impressive. The strength and sustainability of our investment portfolio has been demonstrated by the superb financial results for the 2022 financial year. Dividends totaling 117,59 cents per share have been declared, which is an increase of 38.3% on the previous year. What is probably more impressive however, is that the dividend declared for 2022 is 27.5% higher than that of 2020, a year totally unaffected by COVID-19. Further details are given in the CFO's report, but we believe that this year's financial results tangibly demonstrate what we have always said about the resilience of our Company, the quality of our assets and the high calibre of our people.

Notwithstanding the challenges faced by our country, we believe that the future remains bright for our Company. The market in which we operate is deep and is largely based on needs; hence it is less volatile than most other areas of the property market. Also our people are exceptionally skilled and experienced in our market segment. In all my years in the property industry I have seldom encountered people with such a deep understanding of their product and their market, which has made my involvement with Exemplar deeply satisfying, as I believe it has for my fellow directors, all of whom I sincerely thank for their commitment and support.

I want to again thank all the people at Exemplar for their commitment over the past year and for the exceptional results achieved under often very trying circumstances. Your dedication is deeply appreciated and your knowledge and skill are truly world class. I am both humbled and proud to be associated with each of you.

Frank M Berkeley
Chair

JULY 2021 RIOTS

We expected COVID-19 to be the greatest challenge this generation of the retail sector had to face, but then the riots of July 2021 happened.

Under the guise of political dissatisfaction, disgruntled protesters destroyed billions of Rands worth of property, stock and employment opportunities in KwaZulu-Natal and Gauteng.

The Exemplar portfolio faced extensive damage, with five of its assets, totalling 93 214m^2 (113 594m^2 under management) and 345 stores impacted to varying degrees.

The portfolio in KwaZulu-Natal was the worst hit, with Mandeni Mall (Mandeni), Theku Plaza (Newcastle) and Greater Edendale Mall (Pietermaritzburg) all suffering fire and structural damage.

Chris Hani Crossing (Vosloorus) and Diepkloof Square (Soweto) in Gauteng were also extensively looted and vandalised.

Of our damaged assets, four of the five centres were fully trading in time for the 2021 festive season; and by the end of February 2022, a total of 61 866m^2 was restored. The first phase of the rebuilt Greater Edendale Mall will be open for trade by the end of the second quarter of FY2023.

Key learnings and mitigating factors

Through the instant and proactive actions of the Exemplar team, we were able to assess the immediate risks posed to the remainder of our portfolio and prevent further damage to property.

Actions we took to mitigate risk included increased security measures, extensive consultation with members of the community on the ground, stadium grade flood lighting installations and the construction of barricades to prevent access to the centres.

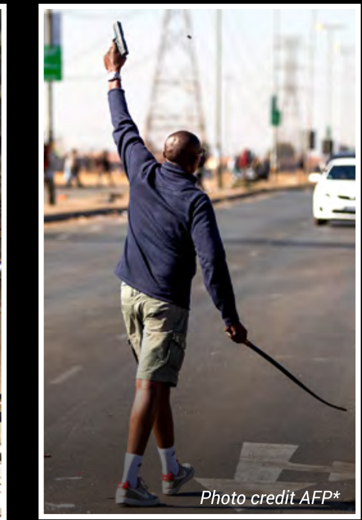
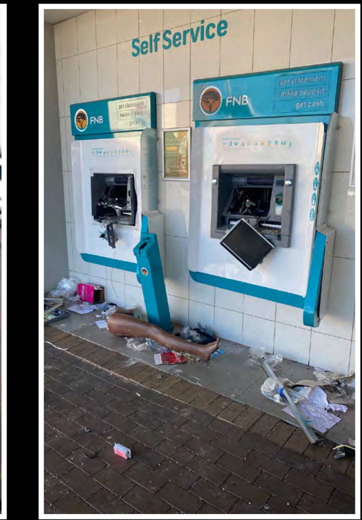
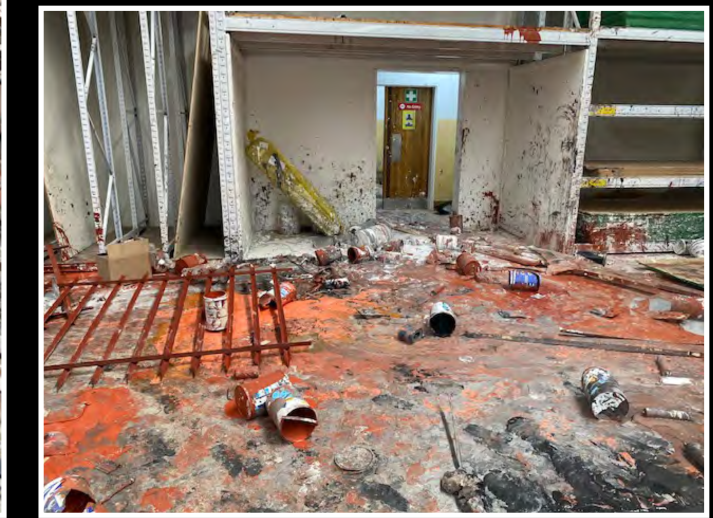


Photo credit AFP*





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It is without a doubt that the damage to the rest of the Exemplar assets was also limited thanks to the efforts of our local community members and security personnel.

We would like to express our heartfelt gratitude to those community members both on and off site who were brave enough to take a stand and protect the livelihoods of those employed by the various centres throughout the country. It is an indication of the strength of our human capital, who were once again able to pull together in the face of a crisis to rebuild and minimise the impact of the potential loss of employment.

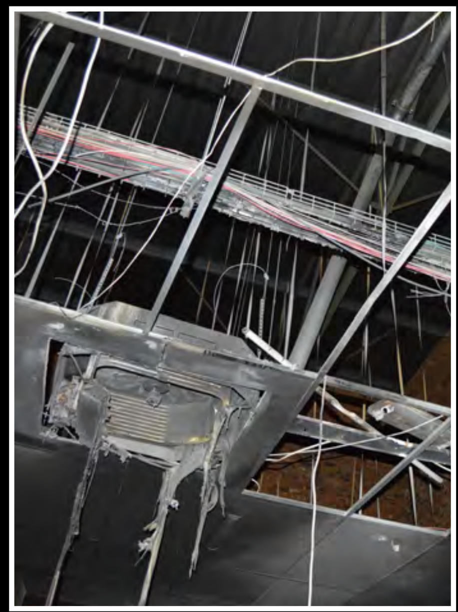
In the first 48 hours of the riots, with eight assets under threat, we estimated 11 000 jobs could potentially have been lost at an Exemplar and tenant level.

Across the five centres that were ultimately impacted, 4 880 tenant and Exemplar jobs were affected.

To date, 3 624 of those jobs, including all of the Exemplar positions have been reinstated.

That number will continue to increase as we continue with the rebuild of Greater Edendale Mall.

"We would like to express our heartfelt gratitude to those community members both on and off site who were brave enough to take a stand and protect the livelihoods of those employed by the various centres throughout the country. It is an indication of the strength of our human capital, who were once again able to pull together in the face of a crisis to rebuild and minimise the impact of the potential loss of employment."



> *We are exceptionally proud of the performance of both our people and portfolio through the most significant crises of our times.*

CEO REPORT

In all my years, there has never been one more remarkable than the year that has just passed. To have gone through what we did and then to post results such as these, defies comprehension.

To be honest, writing about the past year leaves me feeling like a novelist plotting a thriller rather than a CEO reporting on company performance, with the posting of these annual results surely nudging me into the genre of fantasy.

Against the backdrop of COVID-19 in FY2021, our response to the 'civil unrest' in July 2021 has all but galvanised my belief in the resilience of human spirit that resides within the Exemplar team. The undying commitment of this team, their belief, support and strength is what makes Exemplar the business that it is today.

It is to them that these results are dedicated.

Overview

Exemplar was born to handle the looting spree of July 2021:

We listed in June 2018, during the crash of the listed property sector.

21 months post-listing, we were thrust into hard lockdown as a result of COVID-19. Whilst the lockdown threatened all businesses' survival, Exemplar doubled down to ensure the safety of our people and the smooth running of our portfolio. We came through that crisis with a heightened sensitivity to the needs of our tenants and communities and an expanded appreciation for the strength and commitment of our team.

Then, just as we were rising from COVID-19, we watched in horror as the country was wracked with the most economically devastating 'civil unrest' in the history of our nation.

Over the course of just 20 hours on Monday, 12 July 2021, we had five of our assets damaged or destroyed. Within those same hours, our staff pivoted, putting countless measures in place that undoubtedly saved further assets from a similar fate.

Having almost a quarter of one's asset base (that took four decades to build) damaged and destroyed over the course of a single day would be enough to knock most companies back, but not the Exemplar team.

United in the understanding of the work that lay ahead, initial damage assessments were carried out within that first week, allowing us to plan and commence with the rebuild as quickly as possible.

And rebuild we did!

Rebuild

Understanding the microeconomic impact that our centres have within their greater communities, we knew that the rebuilding of our assets as quickly as possible was paramount.

Without waiting for the acknowledgement of liability from SASRIA, Exemplar embarked on the rebuild process on four of our damaged assets within one week of the unrest.

The first damaged centre partially reopened for trade a mere two weeks later, with all four assets fully reopened in time for Christmas. Refer to page 20 of this IAR for a breakdown of centres impacted by the riots.

To put into words the sheer magnitude of work involved in both the quantification of our damages claim as well as the rebuild is impossible. But these results speak for themselves. Within a month post-unrest, we had quantified damage to over 300 stores across the portfolio and handed over 30 lever-arch files documenting the damage to the loss adjusters.

There is no doubt that the level of attention to detail in our documentation played a major role in the finalisation of the claims with SASRIA in the timeframes that we did. I am proud to have heard the loss adjusters commenting "If you think that you can rebuild for that (amount), then we are happy to settle." The inference being that our cost estimates were lower than those of the loss adjusters themselves.

We have always prided ourselves on the fact that we have been able to build better for less than the market is able to. This was brought to the fore through the extensive settlement-negotiation process with the insurers and undoubtedly played a significant part in our settlement with SASRIA within the same financial year.

Whilst the worst of the unrest of July 2021 lasted a mere 72 hours, its effects will no doubt be felt for years to come. A loss of confidence in the country, its people and its government is something that we, the people, will need to repair in the months and years to come.

As a company that has always placed our communities front and centre, we remain committed to ensuring their upliftment through investment and development.

#ChangeforGood continues to form the backbone of the investments into our communities and this will be further expanded on in FY2023. Refer to page 54 of this IAR for the total value and initiatives invested in our communities for the period under review.

Our people

After the year that we endured, to post the results that we have took a superhuman effort from the Exemplar collective.

The depth of commitment displayed by the Exemplar staff and our communities as we faced our darkest hour will forever remain burned into my being. Amid the darkness and the chaos, true heroes emerged. People who of their own conscience took a stand and said "Not in my community, not in my time!"

Without the countless people who rallied to the cause, we would most certainly not be in the position that we find ourselves in today. It is to you all that we owe an immense debt of gratitude.

Beyond riots and rebuild

Besides our team's response to the events of July 2021, a number of other positives emerged from the year.

We held a hugely successful strategic breakaway with the management team in June. We left this breakaway united in the understanding of the seven pillars of our business that will drive our growth in the years to come.

Whilst the unrest interrupted some of the growth-focused momentum we left the breakaway with, it did not hold us back for long. This is evidenced by the following notable achievements outside of the rebuild programme:

1. We financed our entire debt book (c. R3,135 billion) in a deal that was three times over-subscribed, a show of faith by the financial sector in our business
2. We grew our renewable energy production fleet from 6,3MW$_{DC}$ to 15,2MW$_{DC}$, with 14 centres now operating under PV plants. A further 1,1MW$_{DC}$ has been installed at the time of writing, with plans to install a further 6,8MW$_{DC}$ by the end of FY2023
3. We commenced construction of our first two greenfield retail developments – KwaBhaca Mall in Mount Frere and Bizana Walk in Bizana, both strategic developments in our growth into the Eastern Cape
4. We invested in a partnership for the development of a new mixed-use CBD precinct in Vuwani, near Thohoyandou, Limpopo. The development includes Vuwani Mall within its first phase, providing much needed services to the highly-populated but underserviced area surrounding it

Whilst the development of greenfield projects within Exemplar is a departure from our stated strategy upon listing, it is one that that we believe will deliver even greater returns for shareholders as we capture development profits within the fund.

Despite this change in our strategy, our relationship with MPD remains iron clad. We were able to lean strongly on MPD's development expertise during the rebuild process and a special thanks needs to be said to all of the MPD team who put their shoulders to the wheel, making sure that the rebuild went as smoothly as it did.

We remain very excited by the close relationship with MPD and their pipeline of developments, over which we have a right of first refusal.

Trade

Trade across our portfolio has remained robust. Turnovers returned to pre-COVID-19 levels soon after the hard lockdown in 2020 and have continued to grow at well above the inflation rate. Almost all of the Exemplar anchor tenants are trading at above pre-COVID-19 levels, with some in excess of 40% up.

This trend continued in FY2022, with notable growth in the following essential categories:

Anchors: **+9.55%**

Healthcare: **+16.87%**

Whilst these growth figures may be impressive in isolation, when viewed against their trading densities, one realises that there is no low base effect amplifying these growth figures.

Category trading densities for FY2022:

Anchors: **R4 343/m²/month**

Healthcare: **R4 810/ m²/month**

Whilst rent-to-turnover ratios remain within comfortable levels across the portfolio, we remain concerned about the excessive growth of municipal rates and taxes within our tenants' occupation costs – particularly in areas where the local municipalities provide us no service.

I am, however, pleased to report that an analysis of occupation-cost-to-turnover ratios reveals that our tenants are in the main all trading very comfortably – a fact highlighted by Exemplar's positive rental reversions, at a time when much of the industry has been beset by negative reversions.

Tenant leasing

Our continued focus on the quality of our income stream continues to pay dividends.

Through active tenant and asset management, the creditworthiness of our income stream is continuously improving. Whilst this has at times meant taking short-term pain in rental levels, we are seeing lower tenant churn and higher turnovers across all categories where the quality of the mix has improved. As we hold a longer-term investment outlook, we plan to continue with this strategy into the future.

Despite our drive to further improve our tenant mix (occasionally at the loss of rental), as mentioned above, our rental reversions still remained positive over the period under review.

Whilst our rental through rate increased 4.85%, nominally it still remains at a relatively low R150,36/m². When viewed against tenant turnovers, we still believe our rental levels to be affordable with the prospect of growth in rental levels remaining strong.

Our vacancies have also shown a marked improvement since the last reporting period, dropping from a previous 5.3% to a more acceptable 3.26% at year-end. Save for any further macroeconomic shocks, we project a continued downward trajectory of this number through FY2023.

Balance sheet

Whilst the trading figures above all highlight the potential for future revenue growth across the existing portfolio, the status of Exemplar's balance sheet speaks volumes on our ability to grow the portfolio itself going forward.

With a historically low LTV of 35.2%, Exemplar remains well poised to take advantage of acquisitions. Whilst we have been actively sourcing acquisitions, unfortunately none investigated thus far offered sufficient upside for the business.

As such, at financial year-end we had not closed out any acquisitions, notwithstanding that we remain actively working on two further potential deals at the time of reporting.

Closure

Given all that we have endured, I could not be more proud of where we stand today, nor more excited for our future.

I would like to offer a personal thank you to all of you who have been part of this journey thus far. We remain inspired by you as we continue to grow the business, delivering our unique brand of **#ChangeforGood** in the process.

Looking back one last time on FY2022, I am glad to have found closure with an even deeper belief in the people that I work with – and the strength of our business as a result!

Now if these black swans can just get out of our way.

Nkosi Sikelel' iAfrica

Jason McCormick
CEO

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 assets satisfying our investment criteria, the intention is to ultimately acquire all of MPD's interests in these projects upon completion.

The two developments currently of interest are Flagstaff Square in the Eastern Cape and Mamelodi Square in Gauteng. MPD recently completed Flagstaff Square (10 931m² GLA) and a decision will be made soon as to whether Exemplar will acquire it, subject to trading performance. Mamelodi Square (16 365m²) is under development and is due to open in late 2022.

During FY2021, we expanded our growth strategy to encompass development and acquisition opportunities. Developments under way include KwaBhaca Mall (19 088m²) scheduled to open in October 2022 as well as Bizana Walk and Vuwani Mall.

We are aware of the need to maintain our existing portfolio and will be devoting time and resources to refreshing and redeveloping certain assets.

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 continues to be made in the roll out of rooftop-mounted solar PV systems throughout the portfolio.

We also 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 page 47.

Diepkloof Square

BUSINESS MODEL

The Exemplar business model gives an overview of how we create and preserve value through the successful management of our interconnected capital inputs. Value creation, preservation and erosion are the outcomes of how we employ these capital inputs in our daily business activities.

As a team, we ensure that all capital inputs are used responsibly, ethically and effectively by remaining flexible and quickly adapting to changes in the accessibility and quality of capital inputs in the context of our operating environment.

INPUTS

Financial capital

- Equity of R4,5 billion
- Unutilised debt facilities of R904 million
- Total facilities of R3 570 million
- Effective capital management and allocation

Human capital

- 94 permanent staff members employed by the Group
- Established skill set: combined experience of 631 years managing the portfolio
- Zero Exemplar riot-related job losses, retrenchments or pay cuts
- 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 MPD
- Ongoing investment and interaction within the communities that our assets are based
- Diverse tenant profile
- Symbiotic tenant relationships

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

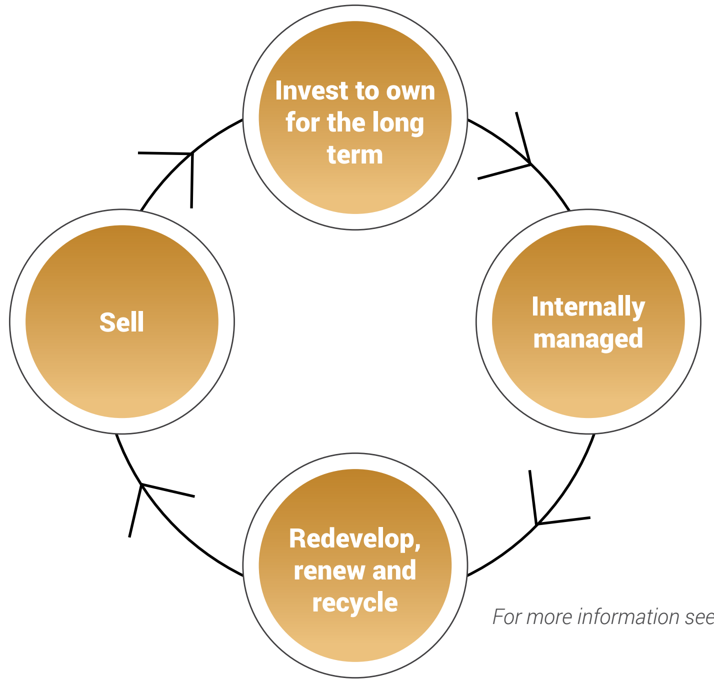
Manufactured capital

- Ownership of 23 developments with total GLA of 382 483m²
- Additional 189 381m² under management
- Diversification into retail property development
- Strategic acquisition opportunities
- Planned property upgrades and refurbishments
- Non-GLA income potential
- Total number of stores under management: 1 828

Natural capital

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

BUSINESS ACTIVITIES



For more information see page 8.

OUTPUTS

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

Generates rental income and capital gains

Provides new frontier space for retailers

Unique portfolio

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

Internal asset management

Marketing space that:

Generates non-GLA income streams

Provides a means for companies to market themselves to our shoppers

Increases tenant/shopper interaction

Marketing space

CAPITAL OUTCOMES

Financial capital

- Operating profit of R588 million
- Final distribution of 72,25371 cps
- NAV per share of R12,29
- LTV of 35.2%
- Cost of borrowing 6.122%

Human capital

- Minimal staff turnover
- Additional staff members employed as needed
- Staff development and growth plans in place

Social and relationship capital

- Increased brand recognition
- Well respected in the industry
- Ongoing community development and investment initiatives
- Opening of Packa-Ching mobile recycling unit at Mall of Thembisa (see page 50 for more)

Intellectual capital

- Winner of International Property Award for Mall of Thembisa
- Winner of RDDA award for Mall of Thembisa
- Winner of Spectrum Property Award for Mall of Thembisa
- Expansion of Kasi CoLAB, a township designers emporium
- Partnership with Weave Connect to increase access to mobile education

Manufactured capital

- Total portfolio valuation of R7,042 billion
- Co-development joint venture to develop KwaBhaca Mall (Mount Frere, Eastern Cape) and Bizana Walk (Bizana, Eastern Cape)
- Development of Vuwani Mall in Vuwani, Limpopo
- Weighted average rental of R150,36 per m² per month
- Average anchor trading density of R4 343 per m² per month

Natural capital

- Rooftop PV project roll out across 14 assets
- Responsible waste management
- Exemplar Utilities (Pty) Ltd billing and meter-reading optimisation

Katale Square

STAKEHOLDER ENGAGEMENT

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

The confidence and trust of our stakeholders 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 IARs, results announcements, press releases and Stock Exchange News Service (SENS) announcements.

Information is also provided via: www.exemplarREIT.co.za

@ExemplarREITail

@EReitail

@ExemplarREITail

Financiers

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

Information is also provided to our financiers through our IARs 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

We view tenant retention as equally important 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 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 KPIs, holding regular feedback and training sessions with on-site 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.

Engagements with community structures and forums take place on a regular basis and we view relationships within the relevant community structures at municipal and government level as paramount.

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.

"We value our stakeholder relationships and endeavour to manage, meet and exceed expectations at every opportunity."


Flagstaff Square

BUSINESS REVIEW

Kwagga Mall

RISK MANAGEMENT

Risk 1	Depressed macro-economic conditions which adversely affect consumer spend and could place downward pressure on trading densities and lead to reduced rentals, higher tenant arrears and vacancies
Mitigation measures	• Defensive, strategically located property portfolio managed by a vastly experienced property management team • Constantly monitoring the local trading environment and upgrading 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

Potential impact	Level of risk prior to mitigating factors	Level of risk after mitigating factors
H	H	M

Risk 2	Rising cost of debt in the medium to long term
Mitigation measures	• Well-managed and monitored strategy, involving hedging a portion of interest-bearing debt with appropriate derivatives • Monitoring the international and local economic climate and aligning development and hedging strategy with views of future rate movements • Maintaining reasonable gearing levels

Potential impact	Level of risk prior to mitigating factors	Level of risk after mitigating factors
H	H	M

Risk 3	Prolonged strike action, protest and politically motivated civil unrest
Mitigation measures	• Maintain adequate insurance cover • Efficient community conflict resolution measures are in place • Maintain a good relationship with local community members • Taking proactive steps to ensure early warning systems are in place • Ensuring effective security service providers are in place

Potential impact	Level of risk prior to mitigating factors	Level of risk after mitigating factors
H	H	M

Legend

H *High risk* M *Medium risk*

Risk 4	Increased retail space (and increased competition) making tenant retention more difficult and placing downward pressure on rentals
Mitigation measures	• Investment properties are strategically located • Ensuring property assets are well managed and seen as 'destinations' in communities they serve • Constantly monitoring the local trading environment and upgrading or expanding shopping centres on a proactive basis • Ensuring optimal tenant mix

Potential impact	Level of risk prior to mitigating factors	Level of risk after mitigating factors
H	H	M

Risk 5	Cost inflation arising from utilities, local councils (rates) and services due to statutory wage increases (security, cleaning etc.), resulting in a significant rise in the operational and municipal cost of properties (for Exemplar and tenants)
Mitigation measures	• Leases correctly structured to ensure maximum cost recovery • Monitoring costs against budgets on a monthly basis • Monitoring municipal valuation increases and objecting to those increased valuations wherever possible • Focusing on operating efficiencies and general cost-saving initiatives • Monitoring expense recoveries from tenants and cost-to-income ratios • Investigating and implementing use of renewable energy sources • Increasing provision of own sewer treatment and water provision plants

Potential impact	Level of risk prior to mitigating factors	Level of risk after mitigating factors
M	H	M

Risk 6	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
Mitigation measures	• Applying reasonable, market-related assumptions in investment property valuations • Maintain gearing levels at less than 45% LTV

Potential impact	Level of risk prior to mitigating factors	Level of risk after mitigating factors
H	M	M

Risk 7	Development risk (KwaBhaca Mall, Bizana Walk and Greater Edendale Mall)
Mitigation measures	• Significant development input • Watching brief during construction • Exemplar controls finances

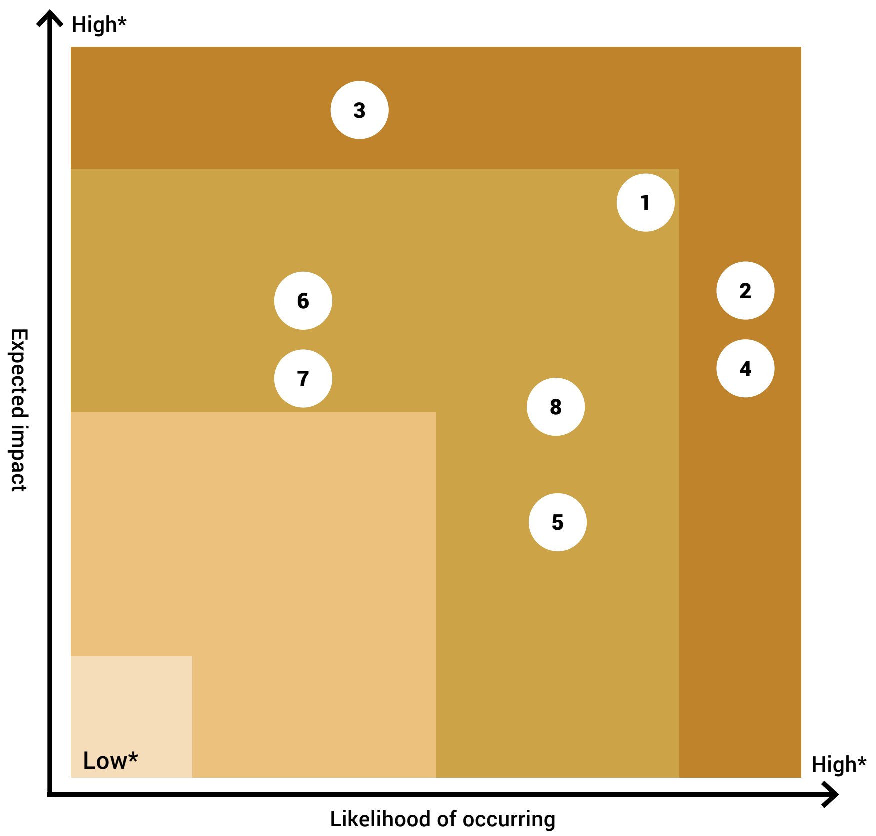
Potential impact	Level of risk prior to mitigating factors	Level of risk after mitigating factors
H	M	M

Risk 8	Retention of key staff
Mitigation measures	• Remuneration strategy which encompasses performance incentives, including share purchase scheme and bonus plan • Being cognisant of and improving employment conditions, which includes remuneration • Affording recognition to deserving employees

Potential impact	Level of risk prior to mitigating factors	Level of risk after mitigating factors
M	H	M

Legend

H *High risk* M *Medium risk*



* *Before mitigation factors were implemented*

Alex Mall

"Despite the difficult circumstances, Exemplar's trading results once again attest to the resilience of the portfolio."

CFO REPORT

With the memories of the COVID-19 lockdown effects still fresh, in July 2021 South Africa experienced unprecedented social unrest which resulted in five of our assets being looted and damaged to varying degrees. The five assets in question were our three centres in KwaZulu-Natal, being Greater Edendale Mall (Edendale Mall), Mandeni Mall and Theku Plaza, as well as Chris Hani Crossing and Diepkloof Square in Gauteng.

In total 93 214m² of our GLA was affected, which equates to 24.4% of our total GLA. Our view was that it was imperative to rebuild as quickly as possible, which is what we did, notwithstanding that our insurance claim at the time had not been settled. At financial year-end we are happy to report that all of the centres barring Edendale Mall have been completely repaired and we have reached a settlement with SASRIA which should substantially cover all our losses, both material and loss of rent, dependent on the final Edendale Mall cost. The damage to Edendale Mall was by far the most extensive. We have commenced with the rebuild, which we aim to complete by June 2023.

"Normalised" statement of profit or loss and other comprehensive income

Despite the difficult circumstances, Exemplar's trading results once again attest to the resilience of the portfolio. To better understand the numbers, we have provided a "normalised" statement of profit or loss and other comprehensive income which can be compared to the audited version included in the AFS section of this IAR:

Rand	**FY2022**	FY2021	FY2020
Rental income and recoveries	938 578 156	821 669 596	727 689 878
Rental income and recoveries before operating lease equalisation	947 339 445	815 268 234	744 606 480
Operating lease equalisation	(8 761 289)	6 401 362	(16 916 602)
Property operating costs	(332 543 912)	(293 282 779)	(263 116 527)
Gross profit	**606 034 244**	**528 386 817**	**464 573 351**
Other income	22 935 887	16 827 870	14 976 540
Administrative expenses and corporate costs	(39 103 374)	(32 621 784)	(32 836 476)
Operating profit	**589 866 757**	**512 592 903**	**446 713 415**
Investment income	15 751 287	23 753 876	26 759 863
Finance costs	(166 055 710)	(159 513 837)	(184 415 514)
Operating profit after interest	**439 562 334**	**376 832 942**	**289 057 764**
Fair value adjustments on investment property	495 888 554	(39 523 959)	113 779 867
Insurance claim on material loss	58 524 668	–	–
Fair value adjustments on derivative financial instruments	13 818 316	43 546 036	(22 822 346)
Profit before taxation	**1 007 793 872**	**380 855 019**	**380 015 285**

Rental income and recoveries

Rental income and recoveries has been adjusted for the insurance claim proceeds in respect of the rental assistance provided to tenants as a consequence of forced store closures due to the July 2021 riots which is included in other income in accordance with IFRS, as well as a notional adjustment for the credits granted because of the COVID-19 lockdowns:

Rand	**FY2022**	FY2021	FY2020
Rental income and recoveries before operating lease equalisation – audited	893 366 944	782 804 599	744 606 480
Settled insurance claim in respect of rental assistance due to July 2021 riots reflected in other income in the audited statement of profit or loss	52 435 044	–	–
COVID-19 rental assistance	1 537 457	32 463 635	–
Rental income and recoveries before operating lease equalisation – as above	**947 339 445**	**815 268 234**	**744 606 480**

As mentioned above we have settled our claim for the July 2021 riots with the insurer which has enabled us to recognise the income in FY2022, being an amount of R52,4 million, which equates to the rental assistance provided during the period. This is simply a reallocation and has no "bottom-line" effect. With regard to the COVID-19 claim however, the insurer has not acknowledged the liability. The negative effect of this on our distributable income is largely confined to the prior year with the effect on the current year being only R1,5 million. We are pursuing our legal rights and hope in due course to reach finality on the matter.

Ignoring the effect of the lease equalisation adjustment, which is excluded in determining distributable income, "normalised" rental income and recoveries has increased by R132,1 million or 16.2%. This is affected to some extent by the Mall of Thembisa acquisition in FY2021. On a like-for-like basis the increase is R50,8 million or 6.4%.

Trading densities

Once again, our anchor tenants have reported inflation-beating turnover growth, with trading densities growing to R4 343/m² from R3 965/m² in the prior year, an increase of 9.55%.

Rental through-rate

The weighted average rental through-rate improved by 4.85% to R150,36. We endeavour to set rentals at levels that are sustainable to ensure the continued success of our tenants.

Vacancies

Vacancies at financial year-end were much improved at 3.26% against the 5.30% reported in the prior year.

Lease renewals and escalations

81.27% of leases that expired in FY2022 have been renewed with existing tenants with some still under negotiation. In doing so the weighted average escalation in rentals was 1.02%. Although this is not a significant escalation, we are always cognisant of the trade-off between rentals and vacancies, as well as ensuring the correct tenant mix. In respect of replacement tenants for non-renewals, the increase in rental relative to the outgoing was 6.12%.

Cost-to-income ratios

Rand	**FY2022**	FY2021	FY2020
Property operating costs	(332 543 912)	(293 282 779)	(263 116 528)
Administrative expenses and corporate costs	(39 103 374)	(32 621 784)	(32 836 476)
Operating costs	(371 647 286)	(325 904 563)	(295 953 004)
Rental income and recoveries net of operating lease equalisation	947 339 445	815 268 234	744 606 480
Rental income and recoveries	938 578 156	821 669 596	727 689 878
Operating lease equalisation	8 761 289	(6 401 362)	16 916 602
Cost-to-income ratio	**39.2%**	**40.0%**	**39.7%**
Administrative cost-to-income ratio	**4.1%**	**4.0%**	**4.4%**

Cost-to-income ratios remain at acceptable levels.

The only normalising adjustment to the property operating costs is the reallocation from other income of R2,0 million recovered from SASRIA in respect of additional security costs incurred during the July 2021 riots.

Rand	**FY2022**	FY2021	FY2020
Property operating costs – audited	(334 529 969)	(293 282 779)	(263 116 527)
Settled insurance claim in respect of additional security costs due to July 2021 riots	1 986 057	–	–
Property operating costs – as above	**(332 543 921)**	**(293 282 779)**	**(263 116 527)**

Other income

The increase in other income is mainly a consequence of the inclusion of the proceeds from the loss of rent and additional security costs insurance claim in respect of the July 2021 riots. These amounts have been reallocated in the "normalised" statement of profit or loss:

Rand	**FY2022**	FY2021	FY2020
Other income – audited	77 356 988	16 827 870	14 976 540
Settled insurance claim in respect of rental assistance due to July 2021 riots	(52 435 044)	–	–
Settled insurance claim in respect of additional security costs due to July 2021 riots	(1 986 057)	–	–
Other income – as above	**22 935 887**	**16 827 870**	**14 976 540**

The majority of "normalised" other income of R22,9 million consists of property management and leasing fees earned on the management of GLA not owned by Exemplar. In addition to Exemplar's portfolio of 382 483m², we manage a further 189 381m² on behalf of other landlords.

Facilities and finance costs

As previously reported, we paid a settlement fee of R95,2 million in FY2021 to exit certain onerous interest rate derivatives. This amount has been adjusted to "normalise" the finance costs in that year for purposes of comparability.

Rand	FY2022	FY2021	FY2020
Finance costs – audited	(166 055 710)	(254 754 827)	(184 415 514)
Settlement fees paid on closing-out onerous interest rate hedges	–	95 240 990	–
Finance costs – as above	**(166 055 710)**	**(159 513 837)**	**(184 415 514)**

In FY2022 we entered into a new common-terms agreement with our lenders. The deal structure is intended to create an ever-green platform that will allow the introduction of new lenders and assets. Certain of the facilities raised are ESG-linked in that the Company can benefit from keener borrowing costs in return for additional CSI-spend as well as achieving certain environmentally-friendly goals related to solar energy production and fresh water consumption. At financial year-end the facilities available to us and their respective costs were as follows:

Lender	Type	Expiry	**Amount R'm**	Interest basis	Margin including participation fee %	**Base rate 1 March 2022 %**	**All-in rate 1 March 2022 %**
Absa	Term loan	17 Dec 2023	435	3m JIBAR*	2.27	4.217	6.487
Absa	Term loan	4 Nov 2024	609	3m JIBAR	1.75	4.217	5.967
Absa	RCF**	4 Nov 2024	200	Prime	-1.55	7.500	5.950
Standard Bank	RCF	4 Nov 2024	200	3m JIBAR	1.78	4.217	5.997
Absa	Term loan	4 Nov 2025	91	3m JIBAR	1.85	4.217	6.067
Standard Bank	Term loan	4 Nov 2025	91	3m JIBAR	1.85	4.217	6.067
Nedbank	Term loan	4 Nov 2025	500	3m JIBAR	1.85	4.217	6.067
Standard Bank	Term loan	4 Nov 2025	335	3m JIBAR	1.85	4.217	6.067
Absa	Term loan	4 Nov 2026	750	3m JIBAR	1.95	4.217	6.167
Standard Bank	Term loan	4 Nov 2026	259	3m JIBAR	1.95	4.217	6.167
Nedbank	Term loan	4 Nov 2026	100	3m JIBAR	1.95	4.217	6.167
Total facilities			3 570				6.122
Utilised facilities at 28 February 2022			(2 666)				
Unutilised facilities			904				
Interest rate hedges:							
Absa	Swap	11 Dec 2023	850	3m JIBAR	N/A	4.295	N/A
Absa	Swap	15 Jan 2024	435	3m JIBAR	N/A	4.130	N/A
Nominal value of interest rate hedges			1 285				

** Johannesburg Interbank Average Rate.*
*** Revolving credit facility.*

Our all-in cost of borrowing (ignoring the effect of the swaps) is extremely attractive at 6.122%. There is no doubt that the extraordinarily low interest rates are providing support to current earnings. While we believe the margins on our facilities are likely to endure, the same cannot be said for the base rate. The market is pricing in substantial increases over the next 12 – 24 months. At present we have some protection from interest-rate volatility by way of the two swaps detailed on page 42. Unfortunately, the yield curve has made it wholly unattractive for us to broaden and extend the cover at this time. In mitigation we do have substantial headroom in our ability to service debt costs. Our corporate interest cover ratio is 3,91 times, versus a covenant of 2,00 times.

Fair value adjustments on investment property

The balance of the Edendale Mall rebuild cost of R231 million is reflected in the IFRS-compliant statement of profit or loss as a reduction to the fair value of investment property. There is a corresponding credit reflecting in the insurance claim on material loss. In our "normalised" version we have reallocated this amount as if the rebuild had already been completed on the assumption that when rebuilt the value will be restored. The estimated rebuild cost is cash-backed in that we have received payment from the insurer and the cash for this purpose is included in cash and cash equivalents reflected in the audited statement of financial position.

Rand	FY2022	FY2021	FY2020
Fair value adjustments on investment property – audited	265 128 923	(39 523 959)	113 779 867
Greater Edendale Mall – estimated remaining rebuild cost included in insurance claim on material loss in audited statement of profit or loss	230 759 631	–	–
Fair value adjustments on investment property – as above	**495 888 554**	**(39 523 959)**	**113 779 867**

There is a substantial increase of R495,9 million in the fair value of our investment property portfolio in FY2022. Investment properties are consistently valued each year by an independent external valuer using discounted cash flow methodology. In summary the increase is partially due to a reduction in the weighted average discount rate applied in the valuations, from 14.38% in FY2021 to 14.13% in the current year, but mainly due to an increase in projected cash flows. The weighted average growth rate applied by the valuer was 5.23%. In our opinion the investment properties are conservatively valued with an implied weighted average capitalisation rate of 8.90%.

Loan-to-value ratio

The uptick in fair values has contributed to an improvement in the Company's LTV to 35.2%, notwithstanding the highly leveraged acquisitions made by the Company since listing, and in our opinion provides an opportunity to debt fund further acquisitions and/or developments:

Rand	Notes	**FY2022**	FY2021	FY2020
Financial liabilities		2 666 134 133	2 569 332 792	2 062 810 894
Cash and cash equivalents*	1	(58 754 206)	(40 662 301)	(47 683 869)
Derivative financial instruments		(30 898 965)	(17 080 649)	26 465 388
Net debt		2 576 480 962	2 511 589 842	2 041 592 413
Carrying amount of property-related assets	1	7 328 039 067	6 577 618 173	5 991 734 444
Total assets per statement of financial position		7 518 899 662	6 738 606 025	6 131 832 196
Cash and cash equivalents*		(58 754 206)	(40 662 301)	(47 683 869)
Derivative financial assets		(30 898 965)	(17 080 649)	–
Staff share scheme loans		(44 082 248)	(45 290 167)	(45 489 005)
Trade and other receivables		(57 127 176)	(57 954 735)	(46 924 878)
Loan-to-value ratio		**35.2%**	**38.2%**	**34.1%**

* Excludes R231 million earmarked for the Edendale Mall rebuild.

Net asset value

The net asset value per share also improved substantially to R12,29, largely because of the increased fair value of the portfolio.

Rand	**FY2022**	FY2021	FY2020
Reported net asset value	4 236 852 683	3 634 347 903	3 600 523 497
Dividend to be declared (excluding antecedent adjustment)	(240 092 349)	(161 094 407)	(155 044 276)
Derivative financial instruments	(30 898 965)	(17 080 649)	26 465 388
Non-controlling interest in derivative financial instruments	5 973 266	3 924 439	–
Deferred tax liability	114 377 508	103 080 836	85 739 980
Non-controlling interest in deferred tax liability	(2 933 430)	(2 730 673)	558 999
	4 083 278 714	3 560 447 449	3 558 243 588
Shares outstanding	332 290 686	332 290 686	325 027 765
Net asset value per share	**12,29**	**10,71**	**10,95**

Distribution

Our trading statement relevant measure is dividend per share. We have declared a dividend for the six months ended 28 February 2022 of 72,25371 cents per share which brings the dividends for FY2022 to 117,59817 cents per share, or R390 767 763 in total. In calculating the distribution for the year, we reduced distributable income by R41 933 650 (or 12,61957 cents per share) in amortising the settlement fee paid on the interest rate hedges in FY2021. Consequently we are distributing 90.31% of distributable income in FY2022. Approximately R4 million of the settlement fee remains to be amortised in FY2023. Dividend yield calculated as a function of FY2022 distributable income per share to NAV per share equates to 10.59%, which in our opinion, for this and other reasons, makes Exemplar a very attractive investment.

Cents per share	**FY2022**	FY2021	FY2020
Interim	45,34446	35,96489	43,77000
Final	72,25371	49,06666	48,49859
	117,59817	**85,03155**	**92,26859**

The FY2022 dividends represent a 38.3% increase on the prior year. We had previously reported that the FY2021 dividends were adversely affected by the knock-on effects of the COVID-19 lockdowns and but for this our total dividend for FY2021 would have been 99,67823 cents per share, which would have meant a still-substantial increase of 18.0% in dividend per share for the year.

Closing remarks

Between COVID-19 lockdowns and looted shopping centres due to civil unrest one runs the risk of focusing far too much on the negatives. However, writing a report such as this, which necessitates a look at traditional property fund measures, leaves one feeling much more confident. There is hardly a reporting measure that is not extremely positive. The investment property portfolio is in good shape and growing and the balance sheet is strong with a suitable blend of debt and equity. There is a platform in place to fund expansion and liquidity is not an issue. The earnings perspective is also positive. Profitability is up and correlates closely to cash generated from operations, which has enabled us to pay dividends in excess of 138% of that of the prior year, and that in the context of a distribution ratio of approximately 90% of distributable income.

The events of the last 24 months have tested our team like never before. We can only say that to a man and woman they have come through with shining colours, and the results attest to this. We do face some headwinds in the form of probable higher borrowing costs, but we are confident that we have the means to see this through. We look forward to the coming year in which we are planning further growth in our asset base, both through acquisition and Exemplar's own developments, which should translate to even better shareholder returns.

Duncan A Church
CFO

SUSTAINABILITY

Sustainability has always played an integral role in all our decision-making processes. As avid conservationists, we understand the environmental impact that our developments may have on the surrounding eco-systems and we ensure minimal negative impact, if any at all. Environmental and social governance has always been, and will continue to be, an integral part of our long-term decision-making and planning processes.

Our sustainable development strategy balances environmental responsibility, transformation and economic growth with delivering value to all our stakeholders.

We identify, measure and manage buildings and infrastructure impacts across defined economic, environmental and social criteria and seek opportunities to constantly innovate and improve on the sustainability of our current and future assets.

Exemplar subscribes to the following sustainability objectives:

- Implementing sustainable practices such as energy efficiency
- Using energy, water and waste materials responsibly by reducing, reusing and recycling
- Being cognisant of climate change projections in the areas in which we operate

We continue to identify, establish and build on current baseline measurements within our sustainability strategy in order to achieve our targets in the short, medium and long term.

Sustainability targets

Our targets were solidified in a transaction with our lenders in the final quarter of FY2022.

The transaction included R1,791 billion in sustainability-linked loans, with margin reductions applied, subject to Exemplar successfully achieving pre-agreed environmental targets.

These targets include solar energy, carbon offset and water intensity goals that, when achieved, will see the interest cost savings from the sustainability-linked loans invested directly into community initiatives through our **#ChangeforGood** initiatives at an asset level.

Mabopane Square

NATURAL CAPITAL

Our approach to energy consumption and generation

As a company, we are committed to minimising the environmental impact of our assets by implementing workable self-sufficient solutions to the challenges currently being faced in terms of utility costs, supply and maintenance. We are committed to ensuring our portfolio of assets can function at an optimal level both on and off the grid.

As our assets are relatively large energy consumers, we remain steadfast in our mission to become as self-sufficient as possible in the provision of utilities, despite the challenges faced due to prolonged COVID-19 regulations and the unrest that took place in July 2021.

In our ongoing journey to reduce our carbon footprint and its impact, we installed eight additional renewable energy generators in the period under review, bringing the total in the portfolio to 14.

Through these installations Exemplar increased its nameplate solar PV capacity by 8 257 kW$_{DC}$ and by the time of writing this report a further 1 129kW$_{DC}$ was added to the portfolio. These additions take the total installed capacity to 15,2MW$_{DC}$ and 11,05MW$_{AC}$.

Between 1 March 2021 and 28 February 2022, a total of 12,92GWh$_{AC}$ was generated by our solar PV systems. This energy was consumed at the respective shopping centres and therefore directly reduced the amount of energy we had to import from Eskom's generation fleet.

Because the Eskom supplied energy was augmented with energy supplied from a renewable energy source, the following environmental benefits were achieved[1]:

Coal usage reduction	Water usage reduction	CO_2 emissions reduction
6,731kT	**18,35ML**	**13,44kT**

We aim to commission a further six rooftop solar PV systems in FY2023, which will increase the installed generating capacity by approximately 6,8MW$_{DC}$.

In addition to the continued expansion of the conventional rooftop solar projects, Exemplar is also embarking on a large-scale hybrid power system which will consist of a mix of conventional grid-tied solar PV inverters, hybrid battery inverters and diesel generators.

This system will enable shopping centres to run in an off-grid mode for extended periods and will significantly reduce the amount of carbon-based fuel, which is typically burned during the Eskom implemented loadshedding and/or load reduction initiatives.

Because such a system can also be set up to significantly reduce the maximum demand of a shopping centre, it will also open up potential future development opportunities in areas where the local electrical networks are too constrained for the electrical connection required to build and operate a shopping centre.

Because the roof space and/or orientation at some centres limits the generating capacity to a certain extent, we will not be able to become 100% carbon neutral with solely rooftop-mounted solar PV generators.

Therefore, Exemplar is also investigating a large-scale, grid-tied, solar PV initiative through which green energy can be wheeled through the Eskom electrical networks to our various shopping centres.

[1] *From environmental statistics published in the 31 March 2021 Eskom Integrated Report.*

Water and wastewater management

The reduction of water wastage remains a priority within our portfolio. We regularly conduct tenant and customer engagement and education programmes surrounding the importance of effective water and waste management.

Active on-site management and acoustic leak detection methods further help to reduce unnecessary water wastage.

Building on our existing water-saving installations, including wastewater treatment and rainwater harvesting, waterless urinals will be rolled out across the portfolio in FY2023.

A water task team has been established to ensure the efficient use of existing wastewater treatment plants is maximised. Initiatives include recycling the wastewater for irrigation purposes, as well as identifying solutions to further treat the wastewater and circulate it back into the flushing systems on site.

Waste management

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

Exemplar has implemented organic waste recycling (composting) at two shopping centres (Alex Mall and the Mall of Thembisa) during the period under review and has recycled 13 588kg of waste in this period to be used as compost. Our strategy is to expand this initiative in future by installing additional, larger composting facilities.

During FY2022 the Group recycled 1 156 tonnes of waste and disposed of 2 423 tonnes to landfill.

Our recycling activities have had the following positive impact on our environment:

Carbon dioxide emissions reduced by:

1 270 136 m³CO_2

(The equivalent volume of 154 Zeppelin airships)

Water saved:

26 961 817 litres

(11 Olympic-sized swimming pools)

Trees saved:

16 772

(Enough to fill 75 rugby fields)

Energy saved through recycling:

8 478 619kWh

CASE STUDY: GREENER PASTURES RECYCLING

Meet Thabiso Hlongwane, founder and managing director of Greener Pastures Recycling.

Our journey with Thabiso started pre-listing, with the launch of Alex Mall, where his team was appointed to handle the waste management and recycling contracts.

Fast forward five years and Thabiso and his team were appointed as the waste management team at Mall of Thembisa and have launched a recycling buy-back centre that rewards customers in real-time for recycling.

The first of its kind, Packa-Ching pop-up buy-back centre was launched in November 2021.

Supported by Exemplar, Shoprite and Polyco, Packa-Ching allows community members to recycle packaging material such as plastic, paper, cans and glass on site.

Recyclables are weighed and customers are reimbursed in real-time via an eWallet system.

To date, 10,5 tonnes of waste have been recycled by the Thembisa community, and R37 960 has been paid back to them via the eWallet system. This equates to an average earning of R308 per person.

Not only does this encourage the community to recycle, but it is also instrumental in creating educational awareness around the importance of recycling and the impact it has on the environment.

The Exemplar team sat down with Thabiso to find out more about his journey.

Who is Greener Pastures Recycling and what is your mission?

We are a youth-owned company that was founded in 2013.

Fresh out of matric, with a passion for business, youth employment and environmental awareness, I wanted to improve waste management and recycling while educating people about the positive impact this could have on our environment.

I began by using the research I had done in high school regarding recycling and management of waste to identify gaps in the market and create potential employment opportunities. After visiting various government institutions for assistance to create a business plan and source funding, I identified Limpopo as the province to start my entrepreneurial journey.

After two years in Limpopo, I returned to Gauteng to study for my LLB at the University of South Africa while keeping the dream of a recycling and waste management hub alive. It was while studying part-time in 2015 that I saw the gap I had been searching for.

I began renting out trucks to construction sites and was able to fund my first 1 ton bakkie with which I could start collecting waste and separating it. I used the funds I made from the recyclable material to make my monthly vehicle repayments.

I started collecting waste from logistic companies and shopping complexes around Kempton Park and Thembisa and was able to employ my first staff member.

The business faced some challenges in late 2016, and by early 2017, my bank notified me that my bakkie would be repossessed if I could not make the monthly instalments. It was then that I met Lebo, a colleague from Alexandra who wanted to partner up to do waste management at Alex Mall.

We tendered for the job and when we were awarded the contract, we were able to create six jobs for unemployed youth in the area.

Through the partnership with Alex Mall and the mentorship of Exemplar's head of operations, I branched into the medical waste and waste to energy sectors.

In 2020 Greener Pastures won the 702 Nedbank Business Ignite competition for showing drive and resilience, and shortly thereafter we were given the opportunity to manage the waste contract at the Mall of Thembisa, which led to the creation of nine more jobs.

In early 2022, after six years of studying part-time, I received my LLB.

How would you describe the relationship between Exemplar and Greener Pastures?

The relationship with Exemplar is a great one. We've been made to feel like part of the organisation and not just a service provider. We are learning daily through the on-site centre managers, while being mentored by the head of operations and Jason McCormick, to grow within the Exemplar portfolio.

There is a lot of support from a head office level to help our business grow and succeed. There are so many opportunities and we look forward to hopefully extending our services to the rest of the provinces in the Exemplar portfolio.

What is your first memory of your journey with us?

My first memory is of being interviewed by Conrad, the head of operations, for the Alex Mall contract.

I was nervous but knew that I really wanted the contract as it would change the life of my family and others.

I will never forget being at church and receiving an SMS from Conrad saying that the contract was ours and that I should be on site the following Monday.

Were you impacted by the riots of July 2021 at all?

We weren't impacted because the leadership at the two malls where we are based is impeccable. Mr Lucky and Mr Neo did a phenomenal job in protecting their malls. They are centre managers that love what they do and love the malls that they work from.

What would you like to share with up-and-coming talent who have a dream but need assistance in putting it into action?

All your dreams are valid – no matter what anybody says.

It is up to you as an individual to determine how you want to do business and how you want to be seen.

Too many young people are viewed as incompetent or not ready for the task at hand, so the best thing to do is to prove others wrong and exceed expectations.

Also, don't start a business thinking about money. Start it because you love it and are passionate about it. You'll change lives and make a difference in the world.

Conrad Walters, Thabiso Hlongwane and Jason McCormick

"Don't start a business thinking about money. Start it because you love it and are passionate about it."

KwaBhaca Mall

HUMAN CAPITAL

Our strength lies in our people.

It is through the knowledge, commitment and passion of our team that we are able to innovate, uplift and evolve on an ongoing basis.

Our key differentiator is our open-door policy that eliminates the presence or perception of employee hierarchy. Top leadership and management are placed on an equal footing with entry-level employees, creating a think-tank environment that allows for transformative and inspired thinking at all times.

Our corporate culture is driven by our core values of honesty, integrity and trust.

Our people

Employee turnover

We take pride in our low employee turnover. Team members are appointed not only based on the skill sets required but on their passion and vision for the rural and retail township sector. This shared vision ensures we are all working towards a common goal, and thus staff turnover is low.

Development and training

We aim to continually provide development and growth opportunities to all employees, with a focus on skills development, transfer and upliftment.

Labour relations

Exemplar subscribes to the principles of the international labour organisation and complies with all relevant labour laws. We respect the right of all employees to work in an environment that is free from any form of unlawful discrimination or harassment.

We are committed to maintaining a healthy and productive work environment while complying with all applicable health and safety policies and procedures.

CASE STUDY: HARRY UBISI

"A journey of a thousand miles begins with a single step." *– Chinese proverb*

Mpumalanga Regional Manager Harry Ubisi took that step 20 years ago when he began his journey with MPD and later, Exemplar.

We sat down with Harry to learn more about his journey.

Tell us about your journey with MPD and Exemplar?

My journey with the company started on 3 June 2002 when I was appointed as the centre manager for Thulamahashe Plaza.

In the 20 years since, I have been promoted to public relations and marketing management positions and, most recently, with the listing of Exemplar, to a regional management position for Limpopo and Mpumalanga.

My current position entails assisting, training and overseeing various centre and marketing managers. I take pride in ensuring the smooth functioning of the shopping centres entrusted to me.

What has been your highlight over the past 20 years?

Without a doubt it was the listing of Exemplar. It motivated me to continue to give my best and validated the years of service I had put in as an employee.

One of my early mentors, Mr Larry McCormick, taught me to work as if I was working for my own company. Having adopted that mantra, I have never worried about knocking on or off duty but have focused instead on production, achieving customer satisfaction and ensuring I provide an environment for my tenants to maximise their trade.

The Exemplar team has become my family; it is no longer work. It is my wish to see my name indefinitely associated with the MPD and Exemplar legacy.

SOCIAL AND RELATIONSHIP CAPITAL

#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.

CHANGE FOR GOOD .co.za

Investment in *#ChangeforGood* initiatives for the period total

R3,4 million

CSI

4% SASSA grant and dignity pack handouts	**5%** dedicated to back to school	**5%** dedicated to Mandela Day initiatives
8% community initiatives and donations	**14%** invested in mobile micro-education courses	**64%** local rental subsidies

REAHOLA FARMING CO-OPERATIVE

Portion of Mall of Thembisa gardens made available to local farmers	Homegrown produce **sold direct to customers** and supplied to Imbizo kitchen
Five employment opportunities	**R28 000 worth** of **non-GLA space** donated for in-centre kiosk at Mall of Thembisa

* Visit www.changeforgood.co.za for more information.
**Visit Kasi CoLAB | Facebook for the full Kasi CoLAB journey.

KASI COLAB**

Township Design Emporium

International representation at **Toronto film festival** by Pozie, a **female-only startup** clothing brand	**AfroBag** bespoke handbag collection – a **collaboration** between Pozie and Fortunatti Leather

Guest speaker and **mentorship** assistance	**R727 680** in rental subsidies	**Roll out** of **concept** to additional centres

#BLANKCANVAS

Graffiti competition

Local talent search

Eastern Cape graffiti artists Mduduzi Dzabine and Siphesihle Langa selected to design, create and install three murals at Flagstaff Square, an Exemplar-managed centre

DA BRIAN PHOTOGRAPHY

Local entrepreneur, Brian Zondi, from Greater Edendale Mall was **affected** by the **July 2021 riots**	Photography studio **opened in 2018** with **two permanent** employees and two freelancers

Gutted by fire and looting, more than **R300 000 worth** of equipment **destroyed**	Appointed Brian to **photograph** the opening of Flagstaff Square and to **document** the **rebuild** of Greater Edendale Mall in KwaZulu-Natal	Brian has since been able to **replace** some of his **equipment** and **rehire one employee**

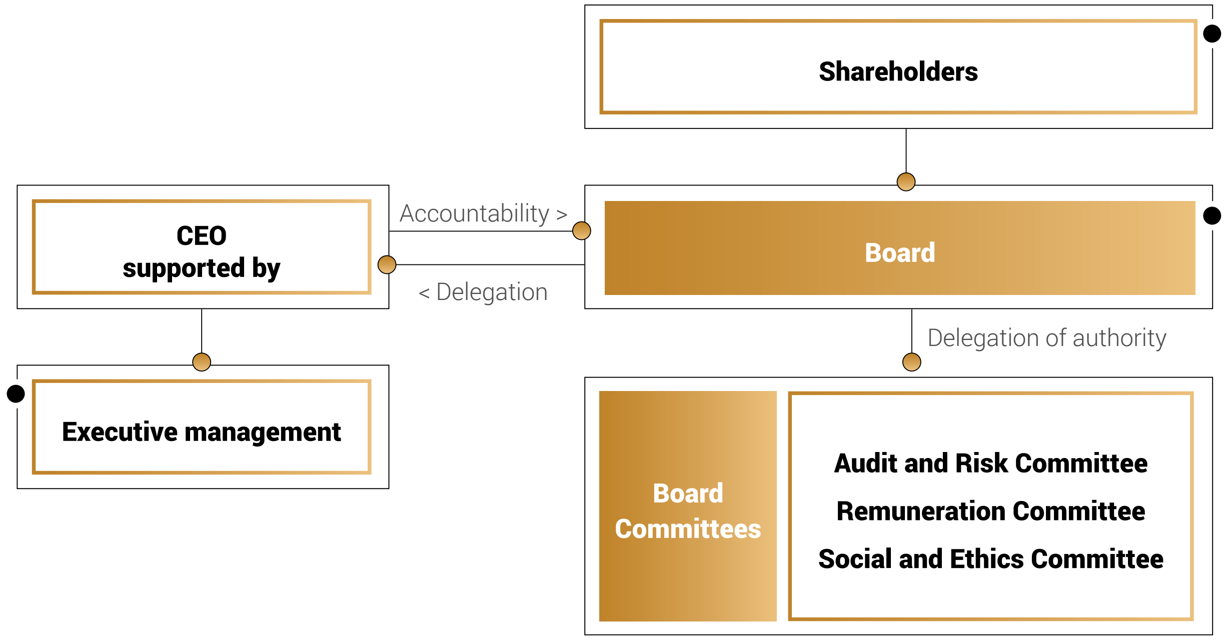
CORPORATE GOVERNANCE

Mall of Thembisa

CORPORATE GOVERNANCE REVIEW

The board assumes responsibility for being the custodian of governance in the Company. The board is committed to the highest standards of governance, ethics and integrity and leading the Company in the best interests of its stakeholders. Accordingly, governance is supported by the tone at the top.

Governance structure



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. The board consists of three executive directors and five independent non-executive directors, one of whom was appointed in FY2022. The categorisation of directors as independent is done 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 (but 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 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, in any new board appointments, considers broader diversity in determining the optimum composition of the board. The board has recently welcomed Nonyameko Mandindi as its latest member. 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 are appropriate to meet the objectives of the Company and result in an efficient board.

Board composition	Number	Percentage
Number of board members	8	100%
Board members who are non-executive	5	62.5%
Board members who are deemed independent	5	62.5%
Board members who are women	1	12.5%
Average age of directors (in years)	60,5	

Board meetings

The board formally meets 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 are 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%)
Nonyameko Mandindi (independent non-executive director)	3/4 meetings (75%)*

* *Nonyameko Mandindi was appointed with effect from 23 July 2021 and accordingly she was only eligible to attend three of the four scheduled board meetings.*

Board appointments and re-election

Appointments to the board are made in a formal and transparent manner and as described in the board charter. Any director appointed by the board during the year shall have their appointment confirmed by shareholders at the general meeting following their appointment. Refer to ordinary resolution 1 of the notice of annual general meeting (AGM) for the confirmation of Nonyameko Mandindi's 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 14 July 2021, the following directors retired by rotation in accordance with the Company's memorandum of incorporation and were re-elected by the shareholders voting 100% in favour thereof:

- Peter J Katzenellenbogen
- Elias P Maponya
- Jason McCormick

At the next AGM to be held on 13 July 2022, the following directors will retire by rotation and offer themselves for re-election:

- Duncan A Church
- Nonyameko Mandindi
- Gregory VC Azzopardi

DIRECTORS' CURRICULA VITAE

Frank M Berkeley (65)

Position:	Chair (independent non-executive director)
Board committees:	Audit and Risk, Remuneration
Date of appointment:	January 2018
Qualifications:	BComm, BAcc, CA(SA)
Length of service:	4 years

Jason McCormick (43)

Position:	CEO
Board committees:	Social and Ethics
Date of appointment:	January 2018
Qualifications:	BComm (Economics and Business Management), BComm (Hons) (Business Management)
Length of service:	4 years

Duncan A Church (49)

Position:	CFO
Date of appointment:	January 2018
Qualifications:	BCompt (Hons), CA(SA)
Length of service:	4 years

Elias P Maponya (56)

Position:	Independent non-executive director
Board committees:	Audit and Risk, Social and Ethics (Chair)
Date of appointment:	January 2018
Qualifications:	BProc, LLB, HDIP Company Law
Length of service:	4 years

Gregory VC Azzopardi (61)

Position:	Independent non-executive director
Board committees:	Social and Ethics, Remuneration (Chair)
Date of appointment:	January 2018
Qualifications:	BA, LLB, BBA
Length of service:	4 years

John McCormick (77)

Position:	Executive director
Date of appointment:	January 2018
Qualifications:	BComm (Economics), MBA (Finance)
Length of service:	4 years

Nonyameko Mandindi (56)

Position:	Independent non-executive director
Board committees:	Social and Ethics
Date of appointment:	July 2021
Qualifications:	BSc (Quantity Surveying)
Length of service:	1 year

Peter J Katzenellenbogen (76)

Position:	Lead independent director (non-executive director)
Board committees:	Remuneration, Audit and Risk (Chair)
Date of appointment:	January 2018
Qualifications:	BComm (Acc), CA(SA)
Length of service:	4 years

Skills

Business development
Community upliftment and development
Compliance and governance
ESG
Finance
Leadership
Risk and opportunity management
Retail property development and investment

* *For a full overview of the Exemplar board's qualifications and career history, visit www.exemplarreit.co.za*

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 which 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 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 if 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, 19 of 2012.

Annual evaluation of performance

The board, its committees and individual directors are monitored every year for effectiveness and performance. An internal assessment was undertaken in FY2022 through questionnaires which 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 which may require improvement. The questionnaires 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

The functions of the lead independent director, Peter J Katzenellenbogen, 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 which 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

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 auditor**

The Audit and Risk Committee is appointed by the board and approved by the 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 60 to 61 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 are convened when required. The Audit and Risk Committee's full report commences on page 80 of this IAR.

Remuneration Committee

Members	Meetings attended
Gregory VC Azzopardi (chair)	3/3 meetings (100%)
Frank M Berkeley	3/3 meetings (100%)
Peter J Katzenellenbogen	3/3 meetings (100%)
Other regular meeting attendees (by invitation)	Executive directors, group financial manager

The Remuneration Committee is appointed by the board and consists of three independent non-executive directors. Specific members of management are invited to attend the committee's meetings in order to report 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 66 of this IAR.

Social and Ethics Committee

Members	Meetings attended
Elias P Maponya (chair)	2/2 meetings (100%)
Gregory VC Azzopardi	2/2 meetings (100%)
Jason McCormick	2/2 meetings (100%)
Nonyameko Mandindi	1/2 meetings (50%)*
Other regular meeting attendees (by invitation)	head of human resources and marketing, head of communications, head of group operations

* Nonyameko Mandindi was appointed with effect from 23 July 2021 and accordingly she was only eligible to attend one of the two scheduled Social and Ethics Committee meetings.

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 three 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 65 of this IAR.

SOCIAL AND ETHICS COMMITTEE REPORT

Members

- Elias P Maponya (chair)
- Gregory VC Azzopardi
- Jason McCormick
- Nonyameko Mandindi

The committee hereby submits its report for the financial year ended 28 February 2022.

Function and composition of the committee

The Social and Ethics Committee is a statutory committee. The committee's functions include the duties prescribed in the Companies Act as well as those set out in King IV. The committee's responsibilities are contained in its charter, which was reviewed by the board in February 2022. The main functions of the committee 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 64 of the corporate governance review.

The committee comprises three independent non-executive directors and one executive director. The performance of the committee and its members are assessed on an annual basis. The outcome of the evaluation in respect of the financial year under review was satisfactory and therefore there are no changes to the composition of the committee. The committee is satisfied that it has discharged all its duties in accordance with its charter.

Activities of the committee during FY2022

Organisational ethics

In its oversight of organisational ethics, the committee reviews the Company's code of conduct and ethics and 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.

Sustainable development

The Company has continued to make great strides in its sustainability initiatives through both its energy initiatives and its waste recycling. In the year under review, the Company installed eight additional renewable energy generators across its portfolio. For more information, see the sustainability report commencing on page 46.

Stakeholder relationships

The Company remains committed to treating each stakeholder with the requisite respect, integrity and honesty, and to providing each stakeholder with accurate information. Refer to the stakeholder engagement section on page 30 of this IAR.

Corporate social investment

Our CSI programme continues under the umbrella of **#ChangeforGood** with the mission of driving positive societal change on a national level. Launched in 2018, the programme has run 240 projects (R21,2 million) that drive the message of positive change through donations, upliftment and skills development. Investment in **#ChangeforGood** initiatives for the period total R3,4 million. Refer to page 54 of this report for the projects that took place in FY2022.

B-BBEE rating and employment equity

The Company mainly contracts with broad-based black economic empowerment (B-BBEE) entities to render services at its 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 committee is satisfied that the Company's annual employment equity report was timeously submitted to the Department of Employment and Labour.

Elias P Maponya
Chair: Social and Ethics Committee

REMUNERATION REPORT

Our approach to remuneration

Exemplar is committed to creating a workplace that attracts, motivates, rewards and retains competent and talented employees. In so doing, Exemplar ensures future sustainability. We endeavour to create a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the Company. Exemplar strives to set its employees' total remuneration package at a competitive level by benchmarking to the market and providing incentives geared to agreed performance outcomes. The Company believes that its long-term success is directly linked to the calibre of its employees and their working environment.

Members

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

In line with the recommendations of King IV, the committee comprises three independent non-executive directors who are elected annually by the board. For information regarding meeting attendance, refer to page 64.

The Remuneration Committee is pleased to present its report for the financial year ended 28 February 2022.

Introduction

The Remuneration Committee oversees and governs all aspects of remuneration. The committee makes recommendations on remuneration-related issues to the board for its final approval. In accordance with the committee's charter, which was reviewed by the board in February 2022, the responsibilities of the Remuneration Committee include ensuring 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 performance of the committee and its members is assessed on an annual basis. The outcome of the evaluation in the year under review was satisfactory, without any matters of concern noted. The committee is satisfied that it has fulfilled its responsibilities in accordance with its charter in respect of FY2022.

Part 1: Background statement

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

Current focus areas

In FY2022, the key areas of focus for the committee included the following:

- Formulating key performance indicators for the executive directors
- Proposing a new long-term incentive structure for staff
- Reviewing, updating and recommending the remuneration policy for approval by the board
- 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

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 14 July 2021, shareholders considered the policy and implementation report in respect of FY2021. The committee is pleased that both the policy and the implementation report received 100% approval by shareholders.

Future focus areas

In FY2023, the committee's focus will include:

- Implementing key performance indicators for staff
- Benchmarking executive directors' remuneration

Part 2: Overview of the remuneration policy

The purpose of the remuneration policy is to articulate and give effect to the Company's direction on fair, responsible and transparent remuneration that achieves the Company's objectives of rewarding and retaining talented employees.

Remuneration consists of three components, namely a total guaranteed package, a short-term incentive (STI) and a long-term incentive (LTI). The policy is applicable to all employees (including the executive directors) and remains mainly unchanged in FY2022.

Total guaranteed package

The Company has adopted a holistic approach in its remuneration structure, which encompasses a mix that includes guaranteed pay and incentive pay. The mix of fixed and variable pay is designed to meet the Company's operational needs and strategic objectives. Each employee (including the executive directors) receives a guaranteed annual package, which is based on such employee's role and responsibilities.

The total guaranteed remuneration packages are reviewed and increased annually in June of each year. The following guides the Company's decision-making regarding annual increases:

- The official Consumer Price Index
- Market movements or trends and competitor remuneration
- Ensuring that salaries are within market range, in accordance with benchmark studies
- Consideration for scarce and critical skills
- Employee performance
- The Company's performance and affordability

The Company contributes 50% towards a medical aid scheme in respect of staff employed as at 1 June 2018. Employees may contribute either 10% or 12.5% of their gross salary towards the Company's corporate pension fund and benefit scheme.

Variable remuneration: short-term incentive and long-term incentive

As an 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 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. The Company wishes to adopt an additional share scheme at the upcoming AGM to be held on 13 July 2022 (refer to ordinary resolution 6 in the notice of AGM), in terms of which an option may be granted to an employee to acquire shares in the Company at either Rnil or at a 10% discount to the 30 day VWAP (volume-weighted average price) exercisable in three equal charges on the third, fourth and fifth anniversary date of the award.

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 non-executive director fees are subject to 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 FY2022

It was agreed that all staff, including the executive directors, would receive a 4% increase from June 2021.

Variable remuneration in FY2022

Staff were awarded an annual cash bonus in December 2021 in the aggregate amount of R1 169 103 (compared to R914 000 in December 2020).

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 FY2022.

Remuneration paid to executive directors during FY2022

In accordance with King IV, single figure reporting has been adopted to enhance transparency of executive remuneration by consolidating all relevant information. The table below illustrates the remuneration paid to each executive director during FY2022. The Company does not have any prescribed officers.

Executive directors	Salary paid during FY2022 R	STI (bonus) R	**Total remuneration paid during FY2022 R**
Jason McCormick	1 687 140	–	**1 687 140**
John McCormick	1 687 140	–	**1 687 140**
Duncan A Church	3 374 280	–	**3 374 280**

Executive directors' long-term incentive

Executive directors	Number of shares issued	Date of issue	**Issue price R**
Jason McCormick	1 000 000	31 May 2018	**10,00**
John McCormick	–	–	**–**
Duncan A Church	–	–	**–**

Fees paid to non-executive directors during FY2022

The fees paid to the non-executive directors for FY2022 differentiate the responsibilities of the chair and members of the board and each committee.

	Frank M Berkeley R	Gregory VC Azzopardi R	Elias P Maponya R	Peter J Katzenellenbogen R	Nonyameko Mandindi* R
Board					
Chair	440 000				
Other non-executive directors		330 000	330 000	330 000	201 616
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 members		25 000			14 788
Total**	**536 000**	**415 000**	**430 000**	**466 000**	**216 404***

* Note that the fees paid to Nonyameko Mandindi were pro-rated from the time she was appointed as a director.

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

In terms of the Companies Act, shareholders will have the opportunity to approve the proposed fees for FY2023 by way of a special resolution at the upcoming AGM to be held on 13 July 2022 (refer to special resolution 1 in the notice of AGM).

Proposed fees for FY2023

	Frank M Berkeley R	Gregory VC Azzopardi R	Elias P Maponya R	Peter J Katzenellenbogen R	Nonyameko Mandindi R
Board					
Chair	466 400				
Other non-executive directors		349 800	349 800	349 800	349 800
Audit and Risk Committee					
Chair				106 000	
Other members	63 600		63 600		
Remuneration Committee					
Chair		63 600			
Other members	38 160			38 160	
Social and Ethics Committee					
Chair					42 400
Other members		26 500	26 500		
Total	**568 160**	**439 900**	**439 900**	**493 960**	**392 200**

Gregory VC Azzopardi
Chair: Remuneration Committee

KING IV APPLICATION REGISTER

In respect of FY2022, 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 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. In accordance with the code of conduct and ethics, the Company is committed to upholding the highest of ethical standards in all its activities and 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 65 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 currently involved in several sustainability initiatives. 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.
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 its obligations to its stakeholders are understood and met. The board conducts a strategic planning session, when required. The board considers corporate governance matters, risks and opportunities at every board meeting and how these impact on the Company creating value for its stakeholders.
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 stakeholders.
6	**The governing body should serve as the focal point and custodian of corporate governance in the organisation.**	The board is the custodian of corporate governance and manages the Company's relationship with its stakeholders along sound corporate governance principles. The board deems good governance as fundamental to the sustainability of the Company and 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. As the board wished to become more diverse in terms of gender and race, it has appointed Nonyameko Mandindi as an additional board member. 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 59 of this IAR for further information on the composition of the board.
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, while 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 the year under review, is disclosed in the corporate governance review and each committee's report.

	King IV principle	Application of principle
9	**The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.**	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, CEO 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 and revised where deemed necessary.
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 management effectively manages the risks which are or may be impacting on the Company. The Audit and Risk 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 34 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 Audit and Risk Committee provides assurance that technology and information governance is in place and is effective, while ultimate responsibility for the governance of technology and information remains with the board. 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.

	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. While 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 how compliance is approached in the Company, with the head of each department in the Company being required to ensure compliance with the 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 upcoming AGM. Refer to the remuneration report which commences on page 66 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 overseeing the 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 South Africa. 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 engagement report on page 30 of this IAR.

ANNUAL FINANCIAL STATEMENTS

Mabopane Square

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

Executive directors

Duncan A Church
Jason McCormick
John McCormick

Non-executive directors

Gregory VC Azzopardi
Frank M Berkeley
Peter J Katzenellenbogen
Nonyameko Mandindi
Elias P Maponya

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.

Preparer

The financial statements were internally compiled by Carryn R Sansom (BComm (Acc), PGDipTax) under the supervision of Duncan A Church (CFO (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 2023 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 85 to 87.

Declaration by Group chief executive officer (CEO) and chief financial officer (CFO) for the year ended 28 February 2022.

The directors whose names are stated below hereby confirm that:

(a) the consolidated and separate annual financial statements set out on pages 88 to 139, 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 and Risk 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 88 to 139, which have been prepared on the going concern basis, were approved by the board of directors on 24 May 2022 and were signed on their behalf by:

McCormick, J (Jason)
CEO

Church, DA
CFO

DECLARATION BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, and in my capacity as company secretary, I hereby certify that, to the best of my knowledge, Exemplar REITail Limited has filed the required returns and notices with the Companies and Intellectual Property Commission as are required in terms of the Companies Act, for the year ended 28 February 2022, and that all such returns and notices appear to be true, correct, and up to date.

Ananda Booysen
Company secretary

24 May 2022

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 2022.

Function and composition of the committee

The responsibilities of the committee have been codified in the committee charter, which was reviewed and approved by the board in February 2022. 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 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 Exemplar integrated annual report.

The committee assesses its performance on an annual basis. The outcome of the evaluation conducted in the year under review 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 FY2022

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. The committee reviewed the AFS for the year ended 28 February 2022, is of the view that they comply in all material respects with IFRS and recommended them for approval by the board. The committee has approved the accounting policies applied in the preparation of the annual financial statements.

The committee also reviewed this IAR and is satisfied that the information contained therein 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.

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.

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 and, in the year under review, completed their audit in respect of recovery income.

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 AFS. In addition, the committee has considered the key audit matters identified by BDO. 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 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.

Peter J Katzenellenbogen
Chair: Audit and Risk Committee

24 May 2022

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 2022.

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.

1. 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.

2. Stated capital

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

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

3. 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 49,06666 cents per share was paid on 14 June 2021 to the Company's shareholders for the year ended 28 February 2021. This dividend equated to a total of R163 043 941. An interim dividend in respect of the six months ended 31 August 2021 of 45,34446 cents per share was declared on 5 November 2021 and paid on 29 November 2021 to the Company's shareholders. This dividend equated to a total of R150 675 417. Dividends totalling R11 968 308 were paid to the non-controlling shareholders in three subsidiary companies, with an additional dividend payable at year end of R11 219 334.

Total dividends declared and paid by the Group after the clawback of antecedent adjustment in respect of the Mall of Thembisa (Pty) Ltd acquisition was therefore R323 738 141.

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 72,25371 cents per share for the year ended 28 February 2022.

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

4. Directors' interests

Directors' interests in Exemplar shares

John McCormick and Jason McCormick are beneficiaries of the John McCormick Family Trust (JMFT), which is a 0.69% (2021: 0.69%) 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% (2021: 60.28%) shareholder of Exemplar and owns 200 318 534 (2021: 200 318 534) shares in the Company.

Set out below are the names of directors of the Company 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.

	Beneficially held					
Directors	**Directly**	**Indirectly**	**Associate**	**Total**	**%**	**Number of shares subject to security, guarantee, collateral or otherwise**
2022						
Church, DA	1	4 280 972	–	4 280 973	1.29	–
McCormick, J (Jason)	–	257 563 471	–	257 563 471	77.51	–
McCormick, J (John)	–	254 349 720	–	254 349 720	76.54	–
2021						
Church, DA	1	3 771 301	–	3 771 302	1,13	–
McCormick, J (Jason)	–	257 563 471	–	–	77,51	3 206 576
McCormick, J (John)	–	254 349 720	–	254 349 720	76,54	–

The JMFT 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.

	Beneficially held by the associate				JMFT interest in the associate	Number of shares subject to security, guarantee, collateral or otherwise
Associates	**Directly**	**Indirectly**	**Total**	**%**	**%**	**Total**
2022						
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
2021						
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

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 34 – 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.

5. 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 budgets for the 2023 financial year. Furthermore, 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.

6. 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.

7. Auditor

BDO South Africa Incorporated were appointed as auditors for the Group for 2022 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 2023 financial period.

8. Secretary

The company secretary is Miss A. Booysen.

The Group financial statements set out on pages 88 to 139, which have been prepared on the going concern basis, were approved by the board of directors on 24 May 2022, and were signed on their behalf by:

McCormick, J (Jason)
CEO

24 May 2022

Church, DA
CFO

24 May 2022

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 88 to 139, which comprise the consolidated and separate statements of financial position as at 28 February 2022, 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 2022, 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.

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 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 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 Code 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, 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 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. We considered the valuation of investment property a matter of most significance to our current year audit of the consolidated and separate financial statements 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 scrutinized 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 capitalization 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 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; • 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 2022", 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 Annual 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 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 4 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

GM Chaitowitz
Director
Registered Auditor

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

24 May 2022

EXEMPLAR INTEGRATED ANNUAL REPORT 2022

STATEMENT OF FINANCIAL POSITION

as at 28 February 2022

	Notes	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Assets					
Non-current assets					
Investment property	3	6 921 601 401	6 410 621 712	3 256 619 505	3 188 204 151
Investments in subsidiaries	4	–	–	937 902 051	925 473 269
Operating lease asset	3	149 074 171	157 835 460	80 263 188	97 698 062
Property, plant and equipment	5	23 102 191	4 542 866	179 960 952	1 466 183
Derivative financial instruments	6	30 898 965	17 080 649	18 928 492	9 216 042
		7 124 676 728	**6 590 080 687**	**4 473 674 188**	**4 222 057 707**
Current assets					
Loans to subsidiaries	7	–	–	1 534 940 090	1 492 158 541
Loans receivable	8	47 583 921	49 908 302	44 082 248	45 290 167
Trade and other receivables	9	57 125 176	57 954 735	27 389 850	26 855 922
Cash and cash equivalents	10	289 513 837	40 662 301	279 756 830	31 089 109
Dividend receivable		–	–	19 084 921	–
		394 222 934	**148 525 338**	**1 905 253 939**	**1 595 393 739**
Total assets		**7 518 899 662**	**6 738 606 025**	**6 378 928 127**	**5 817 451 446**
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Stated capital	11	3 310 533 449	3 310 533 449	3 310 533 449	3 310 533 449
Retained income		926 319 234	323 814 454	463 785 593	157 878 843
		4 236 852 683	3 634 347 903	3 774 319 042	3 468 412 292
Non-controlling interest	12	263 932 445	206 434 950	–	–
		4 500 785 128	**3 840 782 853**	**3 774 319 042**	**3 468 412 292**
Liabilities					
Non-current liabilities					
Financial liabilities	13	2 666 134 133	1 713 332 792	2 231 134 133	1 278 332 792
Lease liabilities	14	24 806 296	24 019 573	12 397 214	12 498 483
Deferred tax	15	114 377 508	103 080 836	84 184 315	66 232 820
		2 805 317 937	**1 840 433 201**	**2 327 715 662**	**1 357 064 095**
Current liabilities					
Financial liabilities	13	–	856 000 000	–	856 000 000
Trade and other payables	16	198 545 490	198 543 265	83 921 642	80 769 772
Lease liabilities	14	3 031 781	2 846 706	2 284 316	2 167 191
Loans from subsidiaries	17	–	–	190 687 465	53 038 096
Dividends payable		11 219 326	–	–	–
		212 796 597	**1 057 389 971**	**276 893 423**	**991 975 059**
Total liabilities		**3 018 114 534**	**2 897 823 172**	**2 604 609 085**	**2 349 039 154**
Total equity and liabilities		**7 518 899 662**	**6 738 606 025**	**6 378 928 127**	**5 817 451 446**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2022

	Notes	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Rental income and recoveries	18	884 605 655	789 205 961	422 841 977	435 682 524
Property operating costs	19	(334 529 969)	(293 282 779)	(164 979 732)	(163 443 144)
Gross profit		**550 075 686**	**495 923 182**	**257 862 245**	**272 239 380**
Other income	20	77 356 988	16 827 870	73 120 025	20 965 740
Administrative expenses and corporate costs		(39 103 374)	(32 621 784)	(32 320 422)	(26 946 323)
Operating profit	21	**588 329 300**	**480 129 268**	**298 661 848**	**266 258 797**
Investment income	22	15 751 287	23 753 876	252 297 162	163 356 026
Insurance claim on material loss	23	289 284 299	–	248 691 183	–
Reversal of impairment loss/(impairment loss)	24	–	–	6 253 676	(29 278 003)
Finance costs	25	(166 055 710)	(254 754 827)	(139 620 886)	(207 713 547)
Fair value adjustments on investment property	3	265 128 923	(39 523 959)	(40 367 362)	(91 281 652)
Fair value adjustments on derivative financial instruments		13 818 316	43 546 036	9 712 450	35 681 430
Profit before taxation		**1 006 256 415**	**253 150 394**	**635 628 071**	**137 023 051**
Taxation	26	(11 296 673)	(17 340 855)	(17 951 495)	(11 197 535)
Profit for the period		**994 959 742**	**235 809 539**	**617 676 576**	**125 825 516**
Other comprehensive income		**–**	**–**	**–**	**–**
Total comprehensive income for the period		**994 959 742**	**235 809 539**	**617 676 576**	**125 825 516**
Profit attributable to:					
Owners of the parent		914 274 605	231 517 519		
Non-controlling interest	12	80 685 137	4 292 020		
		994 959 742	**235 809 539**		
Total comprehensive income attributable to:					
Owners of the parent		914 274 605	231 517 519		
Non-controlling interest		80 685 137	4 292 020		
		994 959 742	**235 809 539**		
Earnings per share					
Basic and diluted earnings per share (cents)	33	275,14301	70,83437		

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2022

	Group				
	Stated capital R	Retained income R	Total attributable to equity holders of the Company R	Non-controlling interest R	Total equity R
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**
Profit for the period	–	914 274 605	914 274 605	80 685 137	994 959 742
Dividends declared	–	(311 769 825)	(311 769 825)	(23 187 642)	(334 957 467)
Balance at 28 February 2022	**3 310 533 449**	**926 319 234**	**4 236 852 683**	**263 932 445**	**4 500 785 128**
Notes	11			12	

	Company		
	Stated capital R	Retained income R	Total equity R
Balance at 29 February 2020	**3 235 817 139**	**305 977 650**	**3 541 794 789**
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 declared and paid	–	(273 924 324)	(273 924 324)
Balance at 28 February 2021	**3 310 533 449**	**157 878 842**	**3 468 412 291**
Profit for the period	–	617 676 576	617 676 576
Dividends declared	–	(311 769 825)	(311 769 825)
Balance at 28 February 2022	**3 310 533 449**	**463 785 593**	**3 774 319 042**
Note	11		

STATEMENT OF CASH FLOWS

for the year ended 28 February 2022

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Cash flows from operating activities					
Cash generated from operations	27	606 402 457	494 916 262	322 729 134	295 890 407
Interest income		15 751 287	23 753 876	106 869 031	108 837 299
Finance costs	25	(175 063 335)	(252 068 383)	(150 179 971)	(206 550 194)
Dividend income		–	–	126 343 210	54 518 727
Dividends paid	32	(323 738 141)	(282 386 046)	(311 769 825)	(273 924 324)
Net cash from operating activities		**123 352 268**	**(15 784 291)**	**93 991 579**	**(21 228 085)**
Cash flows from investing activities					
Additions to investment property	3	(253 118 157)	(61 047 555)	(21 897 294)	(10 814 430)
Proceeds from material loss insurance claim	23	289 284 299	–	248 691 183	–
Purchase of property, plant and equipment	5	(19 395 737)	(3 443 592)	(5 882 375)	(1 138 904)
Investments in subsidiaries		–	–	(6 175 106)	–
Loans receivable repaid	30	5 679 454	580 307 425	4 107 778	580 307 425
Loans receivable advanced	30	(3 355 073)	(409 424 103)	(2 899 859)	(410 424 769)
Loans to subsidiaries advanced	29	–	–	(517 350 359)	(467 864 267)
Loans to subsidiaries repaid	29	–	–	365 334 131	237 206 336
Net cash from investing activities		**19 094 786**	**106 392 175**	**63 928 099**	**(72 728 609)**
Cash flows from financing activities					
Pre-acquisition adjustment		–	(2 088 542)	–	–
Loans from subsidiaries advanced	31	–	–	83 618 183	36 540 000
Loans from subsidiaries repaid	31	–	–	(99 870 139)	(15 473 081)
Repayment of lease liabilities	14	(595 517)	(623 636)	–	–
Proceeds from financial liabilities	28	2 438 454 541	448 741 354*	2 438 454 541	613 741 354*
Repayment of financial liabilities	28	(2 331 454 542)	(543 658 628)*	(2 331 454 542)	(543 658 628)*
Net cash from financing activities		**106 404 482**	**(97 629 452)**	**90 748 043**	**88 699 437**
Total cash at beginning of the period		40 662 301	47 683 869	31 089 109	33 896 158
Total cash movement for the period		248 851 536	(7 021 568)	248 667 721	(2 807 049)
Total cash at end of the period	10	**289 513 837**	**40 662 301**	**279 756 830**	**31 089 109**

* *In the prior year statement of cash flows, the total increase and total decrease in financial liabilities included an interest accrual of R123 727 141 and an interest payment of R123 727 141 for the Group. An interest accrual of R71 521 898 and an interest payment of R71 521 898 was reflected for the Company. This has been changed in the current year and comparative amounts restated to correctly reflect the proceeds from and repayment of financial liabilities (see note 28). This has no effect on the net cash flow.*

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"), 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.

Assumptions and estimation uncertainties

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.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 28 February 2022 is included in the following notes:

Investment property valuation – note 3

The property portfolio is valued externally by a professional valuer on an annual basis using the discounted cash flow method. Cash flow projections are based on estimates of future net rental cash flows, discounted using rates that reflect current market assessments, together with external evidence such as current market rentals for similar properties in the same location.

Future rentals are estimated taking into account existing lease contracts and escalations, location, the condition of the property, lease covenants, current market rentals, conditions and the economy.

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 8

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 trade and other receivables – note 9

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. Impairment adjustments are raised against trade receivables in terms of IFRS 9's ECL model. This is achieved by converting a historic ECL into a probability-weighted forward-looking ECL. At year-end, the probability-weighted forward-looking ECL was adjusted to account for the state of the economy and the impact of trade disruptions due to the July 2021 riots. 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, net of the VAT clawback and deposits or guarantees held.

Judgements

The preparation of the financial statements in accordance with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies and make estimates and assumptions concerning the future. 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: in reaching a conclusion on whether the Group has de facto control over an investee *(see Note 4 – Investments in subsidiaries)*;

Note 1.4 Joint arrangements: in assessing the substance of an investor's interest by virtue of contractual agreement *(see note – 39 Joint operations)*;

Note 1.5 Investment property: in determining the appropriate inputs to estimate the fair value of the investment property *(see note 3 – Investment property)*; and

Note 1.10 Leases: whether an arrangement contains a lease.

Acquisition of assets and liabilities by the Group – note 38

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.

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 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 an external independent registered valuer on the open market value basis. The valuer uses 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.

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.

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
Meter reading equipment	5 years
Solar assets – panels and installation	25 years
Solar assets – inverters and accessories	10 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.

Discounting is not applied for all financial instruments carried at amortised cost, where the financial effect of the time value of money is not considered to be material, 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, the exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. 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.

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, including estimates of economic growth, the expected value of the assets and forecast of returns, 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 separately 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.

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 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. These ratios are applied to the balances in each aging bucket and then accumulated to calculate the impairment allowance. 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 historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers and sectors in which they operate, post year end collections, as well as potential changes in the debtors' risk profiles and the broader economic environment. In considering past default events, consideration is made of the probability that future rental will be paid considering the payment history, the collateral held in the form of deposits or guarantees held, and historical information relating to legal proceedings.

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 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 and loans to subsidiaries

A significant increase in credit risk (SICR), in the context of IFRS 9, is a significant change in the estimated default risk. A default event is the failure of a debtor 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 judgements, market indicators and dealing with other relevant qualitative factors. 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.

A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on the number of factors, including various liquidity and solvency ratios.

SICR assessment Is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand loan depends on whether the subsidiary has sufficient cash or other liquid assets to repay the loan immediately (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to 100%). A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

Investments in subsidiaries

The carrying value of each investment in subsidiary is assessed for impairment in terms of IAS 36 and in instances where the investment is considered to be impaired, the investment was written down to its estimated recoverable amount by way of an impairment loss. The estimated recoverable amount of each subsidiary is calculated by reference to its net asset value.

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.

Leases – Lessor

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. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Income for leases is disclosed under rental income and recoveries in profit or loss.

Leases – Lessee

Refer to investment property (accounting policy note 1.5).

1.10 Rental income and recoveries

Rental income and recoveries comprises gross rental revenue, operating cost recoveries, as well as marketing and parking income, excluding value added taxation.

The Group recognises revenue in accordance with:

- IFRS 16 – Contractual rental income; and
- IFRS 15 – Revenue from cost recoveries.

Rental revenue from investment property is recognised on a straight-line lease basis on commencement of a lease and is measured based on the consideration specified in the contract. Operating cost recoveries, comprising the Group's recovery of costs for providing the tenant with services as determined by the lease agreement, are levied monthly in arrears. Operating cost recoveries are based on consumption and actual expenses incurred and are accounted for in accordance with IFRS 15. Rental and recoveries are billed on a monthly basis and payment is due by the first of the month. Turnover rental, income from marketing and parking is recognised when the amounts can be reliably measured.

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.

Segment 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 01/2021.

There are no dilutionary instruments in issue.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 28 February 2022

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following amendements to standards and interpretations that are effective for the current financial year and that are relevant to its operations:

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.

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.

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 aforementioned amendments have not had any significant effect on the Group's or Company's financial statements.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2023 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 IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

Amendments to IAS 8: Definition of Accounting Estimates

The IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors, as well as how entities use measurement techniques and inputs to develop accounting estimates.

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

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

The Group expects to adopt the amendments to the standards for the first time in the 2024 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.

3. Investment property

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Net carrying value					
Carrying value		6 790 152 718	6 174 669 009	3 319 418 090	3 095 503 465
Cumulative fair value adjustments		131 448 683	235 952 703	(62 798 585)	92 700 686
		6 921 601 401	**6 410 621 712**	**3 256 619 505**	**3 188 204 151**
Reconciliation of investment property					
Investment properties at the beginning of the period		6 410 621 712	5 663 873 398	3 188 204 151	3 281 834 183
Additions		183 629 079	42 624 921	90 509 924	4 769 043
Additions – riot damage		58 480 112	–	17 931 552	–
Additions – tenant installations		11 008 966	21 761 739	2 797 276	7 819 274
Tenant installations amortisation	19	(6 142 391)	(3 603 907)	(2 456 036)	(1 773 886)
Disposals/adjustments to cost		(1 125 000)	–	–	(13 162 810)
Properties acquired by group	37	–	725 489 520	–	–
Fair value adjustments		265 128 923	(39 523 959)	(40 367 362)	(91 281 652)
Balance at the end of the period		**6 921 601 401**	**6 410 621 712**	**3 256 619 505**	**3 188 204 151**
Reconciliation to independent valuation					
Investment property as per valuation		7 042 837 495	6 541 590 893	3 322 201 163	3 271 236 539
Operating lease assets		(149 074 171)	(157 835 460)	(80 263 188)	(97 698 062)
Lease liabilities	14	27 838 077	26 866 279	14 681 530	14 665 674
		6 921 601 401	**6 410 621 712**	**3 256 619 505**	**3 188 204 151**

Security over properties

The investment properties have been mortgaged in favour of the lenders disclosed in note 13. 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.

3. Investment property (continued)

2022 — Significant unobservable inputs and rage of estimates used

Geographical location	Capitalisation rate %	Discount rate %	Growth projection in revenue and risk rate %	Growth projection in contractual expenses %
Gauteng	8.00 – 9.25	13.00 – 14.50	5.26 – 5.94	5.00 – 5.50
Mpumalanga	8.25 – 12.00*	13.50 – 17.00*	4.96 – 8.59	5.00 – 5.25
KwaZulu-Natal	9.00 – 10.00	14.25 – 15.25	4.82 – 6.91	5.25
Limpopo	8.50 – 10.00	13.75 – 15.00	0.00 – 5.45	5.00 – 5.25
Eastern Cape	9.25	14.50	4.79	5.25

2021 — Significant unobservable inputs and rage of estimates used

Building location	Capitalisation rate %	Discount rate %	Growth projection in revenue and risk rate %	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

* *The capitalisation rate and discount rate applied in the valuation of Acornhoek Megacity were 12.00% and 17.00% (2021: 12.00% and 17.50%) respectively. Excluding Acornhoek Megacity, the capitalisation and discount rate ranges for Mpumalanga would be 8.25% – 9.25% (2021: 8.25% – 9.25%) and 13.50% – 14.50% (2021: 13.75% – 14.75%) respectively.*

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.

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 %	**2022 R**	2021 R
Increase in capitalisation rate	1.00	(723 790 057)	(614 141 460)
Decrease in capitalisation rate	1.00	907 028 046	770 014 927
Increase in discount rate	1.00	(506 988 763)	(422 026 448)
Decrease in discount rate	1.00	506 988 763	422 026 448
Increase in projected revenue growth rates	1.00	907 028 046	770 014 927
Decrease in projected revenue growth rates	1.00	(723 790 057)	(614 141 460)
Increase in projected expense escalation rate	10.00	(373 644 846)	(330 273 400)
Decrease in projected expense escalation rate	10.00	373 644 846	330 273 400

3. Investment property (continued)

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 2022.

Weighted average rental per m² for rentable area for the month of March

Property	2022 R/m²	2021 R/m²
Acornhoek Megacity	79,33	107,63
Alex Mall	147,72	138,18
Atteridge Stadium Centre	195,76	178,38
Blouberg Mall	157,16	142,49
Chris Hani Crossing	192,63	178,31
Diepkloof Square	166,10	156,17
Greater Edendale Mall	–*	112,47
Emoyeni Mall	119,18	114,21
Jane Furse Plaza	192,41	174,24
Katale Square	126,75	116,95
Kwagga Mall	165,01	151,92
Lusiki Plaza	134,58	126,33
Maake Plaza	153,23	139,27
Mabopane Square	142,87	132,41
Mall of Thembisa	143,90	135,87
Mandeni Mall	141,60	128,15
Modimall	117,09	106,59
Modjadji Plaza	164,26	152,81
Olievenhout Plaza	166,38	150,80
Phola Mall	156,62	134,11
Theku Plaza	150,75	137,93
Thorntree Shopping Centre	162,30	144,82
Tsakane Mall	189,85	180,56

* *Due to the damage caused during the July 2021 riots, Greater Edendale Mall is in the process of being rebuilt and relet.*

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:

		2022		2021	
Name of company	Notes	% holding	Carrying amount R	% holding	Carrying amount R
Alex Mall (Pty) Ltd		100.00	174 956 260	100.00	174 956 260
Bizana Walk (Pty) Ltd		60.00	600	–	–
Exemplar Leasing (Pty) Ltd		100.00	100	100.00	100
Exemplar Utilities (Pty) Ltd		100.00	100	100.00	100
Farisani Business Enterprise (Pty) Ltd		65.00	4 929 000	–	–
Katale Square (Pty) Ltd		100.00	19 373 775	100.00	19 373 775
KwaBhaca Mall (Pty) Ltd		60.00	1 246 106	60.00	600
Mabopane Square (Pty) Ltd	24	100.00	36 868 955	100.00	36 277 727
Maake Plaza (Pty) Ltd	24	100.00	69 756 526	100.00	74 359 726
Mall of Thembisa (Pty) Ltd		50.10	27 525 327	50.10	27 525 327
Mandeni Plaza (Pty) Ltd		50.00	25 881 595	50.00	25 881 595
Modimall (Pty) Ltd	24	100.00	63 409 206	100.00	53 143 558
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
			937 902 051		**925 473 269**

The carrying amounts are stated net of impairments (refer to note 24).

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.

There is no non-controlling interest reflected for Bizana Walk (Pty) Ltd and Farisani Business Enterprise (Pty) Ltd as they are newly incorporated entities which are to used in the development of Bizana Walk Mall in the Eastern Cape and Vuwani Mall in Limpopo, respectively.

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

5. Property, plant and equipment

		Group		Company	
		2022 R	2021 R	2022 R	2021 R
Computer equipment		365 999	358 849	182 243	249 797
Cost		771 628	541 997	499 059	416 287
Accumulated depreciation		(405 629)	(183 148)	(316 816)	(166 490)
Furniture and fixtures		451 406	606 504	150 088	204 254
Cost		1 159 399	1 110 899	349 139	349 139
Accumulated depreciation		(707 993)	(504 395)	(199 051)	(144 885)
Office equipment		1 185 331	732 892	958 686	388 497
Cost		1 972 842	1 197 838	1 416 124	641 120
Accumulated depreciation		(787 511)	(464 946)	(457 438)	(252 623)
Motor vehicles		544 875	623 635	544 875	623 635
Cost		697 326	697 326	697 326	697 326
Accumulated depreciation		(152 451)	(73 691)	(152 451)	(73 691)
Meter reading and solar equipment		20 554 580	2 220 986	178 125 060	–
Cost		20 571 417	2 228 813	178 819 144	–
Accumulated depreciation		(16 837)	(7 827)	(694 084)	–
		23 102 191	**4 542 866**	**179 960 952**	**1 466 183**
Reconciliation of property, plant and equipment					
Property, plant and equipment at the beginning of the period		4 542 866	1 124 329	1 466 183	652 394
Additions		**19 395 737**	**3 443 592**	**179 676 921**	**1 138 904**
Computer equipment		229 630	221 921	82 772	154 970
Furniture and fixtures		48 500	–	–	–
Office equipment		775 004	486 425	775 005	477 502
Motor vehicles		–	506 433	–	506 432
Meter reading equipment and solar assets		18 342 603	2 228 813	178 819 144	–
Assets acquired on acquisition	37	–	510 480	–	–
Computer equipment		–	43 810	–	–
Furniture and fixtures		–	83 944	–	–
Office equipment		–	382 726	–	–
Depreciation		**(836 412)**	**(535 535)**	**(1 182 152)**	**(325 115)**
Computer equipment		(222 480)	(138 765)	(150 326)	(122 107)
Furniture and fixtures		(203 598)	(180 268)	(54 167)	(54 167)
Office equipment		(322 566)	(167 827)	(204 814)	(107 993)
Motor vehicles		(78 759)	(40 848)	(78 759)	(40 848)
Meter reading and solar equipment		(9 009)	(7 827)	(694 086)	–
		23 102 191	**4 542 866**	**179 960 952**	**1 466 183**

Included in the cost of meter reading equipment and solar assets is R20 526 235 of solar spares which have not yet been installed or brought-into-use. Solar assets of R178 819 144 owned by the Company and installed on the roofs of subsidiary held properties are classified as property, plant and equipment, and on consolidation these solar assets are reclassified to investment property.

6. Derivative financial instruments

	Group		Company	
	2022 R	2021 R	2022 R	2021 R
Hedging derivatives				
Interest rate derivatives	30 898 965	17 080 649	18 928 492	9 216 042

Transaction	Fixed rate payer	Floating rate payer	Rate %	Notional R
2022				
Interest rate swap	Exemplar	Counterparty	4.295	850 000 000
Interest rate swap	Mall of Thembisa	Counterparty	4.130	435 000 000
2021				
Interest rate cap	Exemplar	Counterparty	7.250	1 100 000 000
Interest rate cap	Counterparty	Exemplar	8.750	1 100 000 000
Interest rate cap	Exemplar	Counterparty	7.250	600 000 000
Interest rate cap	Counterparty	Exemplar	8.000	600 000 000
Interest rate swap	Exemplar	Counterparty	4.295	850 000 000
Interest rate swap	Mall of Thembisa	Counterparty	4.130	435 000 000

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 financing structure. 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 37 Risk management for further details.

7. Loans to subsidiaries

	Group	
	2022 R	2021 R
Alex Mall (Pty) Ltd The loan is unsecured, bears no interest (2021: 7.01%) and has no fixed terms of repayment.	289 046 193	298 618 431
Bizana Walk (Pty) Ltd The loan is unsecured, bears interest at the prime lending rate plus 1.75% and has no fixed terms of repayment.	3 110 578	–
Exemplar Leasing (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: No interest) and has no fixed terms of repayment.	1 054 983	749 900
Exemplar Utilities (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.61%) and has no fixed terms of repayment.	–	42 281 480
Katale Square (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.01%) and has no fixed terms of repayment.	98 174 429	99 561 007
KwaBhaca Mall (Pty) Ltd The loan is unsecured, bears interest at the prime lending rate and has no fixed terms of repayment.	133 752 200	24 835 260
Mabopane Square (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.01%) and has no fixed terms of repayment.	122 704 248	120 888 804
Mall of Thembisa (Pty) Ltd The loan is unsecured, bears interest at the prime lending rate plus 10% (2021: prime lending rate) and is repayable on demand.	216 059 729	216 059 729
Mandeni Plaza (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.01%) and is repayable on demand.	104 453 834	106 357 103
Modimall (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.01%) and has no fixed terms of repayment.	198 965 591	200 441 252
Phola Mall (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.01%) and is repayable on demand.	277 890 773	291 490 697
Theku Plaza (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.01%) and is repayable on demand.	80 844 816	80 006 786
Tsakane Mall (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.01%) and has no fixed terms of repayment.	8 882 716	10 868 092
	1 534 940 090	**1 492 158 541**

The credit risk of these transactional 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. An assessment done based on stage 3: lifetime expected credit losses will be recognised on exposures that meet the definition of 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 no risk of default and consequently the loans were not impaired.

8. Loans receivable

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Moemedi Enterprise (Pty) Ltd T/A Roots Katale Square	3 501 673	4 618 135	–	–
The loan is secured by equipment with a cost of R5 805 660, bears interest at 11% NACM and is repayable in monthly instalments.				
Employee share scheme	44 082 248	45 290 167	44 082 248	45 290 167
	47 583 921	**49 908 302**	**44 082 248**	**45 290 167**

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.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Number of shares in issue at the beginning of the year	4 350 100	4 350 100	4 350 100	4 350 100
Number of shares issued during the year	–	–	–	–
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 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 no expected credit loss and consequently the loans were not impaired.

9. Trade and other receivables

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Trade receivables	65 536 664	51 928 969	35 669 253	29 146 666
Expected credit loss of trade receivables	(46 291 797)	(24 064 579)	(22 520 296)	(15 890 764)
	19 244 867	**27 864 390**	**13 148 957**	**13 255 902**
Deposits	24 244 946	24 786 318	9 004 973	9 916 945
Prepaid premium on interest rate caps	–	2 424 987	–	2 424 987
Sundry debtors	90 629	466 937	(64 755)	–
Other prepayments	2 757 016	2 412 103	1 361 272	1 258 088
Value-added Tax	10 787 718	–	3 939 403	–
	57 125 176	**57 954 735**	**27 389 850**	**26 855 922**

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

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 an individual basis, trade receivables are assessed net of the value-added tax clawback and deposit or guarantee held. Arrears aged 60 days and over are in most instances deemed to be irrecoverable and provided for. 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 July 2021 socio-political unrest and the economic aftermath of the pandemic. 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.

10. Cash and cash equivalents

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Cash and cash equivalents comprises:				
Cash on hand	171 200	109 285	98 709	75 496
Bank balances	276 783 491	27 893 141	270 666 956	21 862 469
Tenant deposits	12 559 146	12 659 875	8 991 165	9 151 144
	289 513 837	**40 662 301**	**279 756 830**	**31 089 109**
Cash and cash equivalents that are not available for use by the Group and Company	24 896 222	23 228 602	22 091 222	20 423 602

Restricted cash and cash equivalents comprise R18 343 820 (2021: R16 676 200) held in a back-to-back Nedbank account and R2 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 R3 747 402 held in a Rand Merchant Bank call account linked to a guarantee issued to the Mbombela Local Municipality.

11. Stated capital

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Authorised				
5 000 000 000 ordinary shares with no par value				
Issued				
332 290 686 (2021: 332 290 686) ordinary shares with no par value	**3 310 533 449**	**3 310 533 449**	**3 310 533 449**	**3 310 533 449**
Reconciliation of stated capital				
Reported at beginning of year	3 310 533 449	3 235 817 139	3 310 533 449	3 235 817 139
Pre-acquisition adjustment	–	(3 603 443)	–	(3 603 443)
Shares issued for acquisitions	–	78 319 753	–	78 319 753
Reported at end of year	**3 310 533 449**	**3 310 533 449**	**3 310 533 449**	**3 310 533 449**
Reconciliation of number of shares				
Reported at beginning of year	332 290 686	325 027 765	332 290 686	325 027 765
Shares issued for acquisitions	–	7 262 921	–	7 262 921
Reported at end of year	**332 290 686**	**332 290 686**	**332 290 686**	**332 290 686**

12. Non-controlling interest

The non-controlling interest of R263 932 445 (2021: R206 434 950) represents 50% of the net asset value of Mandeni (see note 4 – Investments in subsidiaries), 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.

2022	Mandeni Plaza (Pty) Ltd R	Mall of Thembisa (Pty) Ltd R	Phola Mall (Pty) Ltd R	Theku Plaza (Pty) Ltd R	Total R
Extracts from statement of profit and loss and other comprehensive income:					
Revenue	27 145 208	109 981 046	74 942 048	21 509 598	233 577 901
Insurance claim on material loss	3 224 640	–	–	37 323 920	40 548 560
Profit after taxation	15 290 406	52 234 599	87 729 065	32 812 620	188 066 691
Attributable to equity holders of Exemplar	7 645 203	26 169 534	46 496 404	27 070 412	107 381 554
Attributable to non-controlling interest	**7 645 203**	**26 065 065**	**41 232 661**	**5 742 209**	**80 685 137**
Dividends paid to non-controlling interest during the year	**(3 922 691)**	**–**	**(15 412 671)**	**(3 852 280)**	**(23 187 642)**
Extracts from the statement of financial position:					
Non-current assets	181 673 264	773 272 851	591 798 858	253 000 000	1 799 744 973
Current assets	1 111 719	3 139 894	7 317 428	1 001 449	12 570 490
Non-current liabilities	(7 262 633)	(425 468 007)	(5 541 963)	(7 002 496)	(445 275 099)
Current liabilities	(113 114 606)	(252 302 583)	(302 741 098)	(93 773 113)	(761 931 400)
Net assets	62 407 744	98 642 155	290 833 225	153 225 840	605 108 964
Net assets attributable to non-controlling interest	31 203 872	49 222 435	136 691 616	26 814 522	243 932 445
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	**31 203 872**	**69 222 435**	**136 691 616**	**26 814 522**	**263 932 445**
Extracts from the statement of cash flows:					
Cash flows from operating activities	13 131 350	55 548 298	42 883 753	45 461 976	157 025 377
Cash flows from investing activities	1 903 269	(390 011)	13 599 924	(838 030)	14 275 152
Cash flows from financing activities	(14 995 679)	(55 024 673)	(56 278 756)	(44 502 450)	(170 801 558)
Net cash flow	**38 940**	**133 614**	**204 921**	**121 496**	**498 971**

12. Non-controlling interest (continued)

2021	Mandeni Plaza (Pty) Ltd R	Mall of Thembisa (Pty) Ltd R	Phola Mall (Pty) Ltd R	Theku Plaza (Pty) Ltd R	Total R
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)**

13. Financial liabilities

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Held at amortised cost				
ABSA Bank Limited	–	250 000 000	–	250 000 000
The loan bore interest at the three-month JIBAR plus 1.90%, with interest-only quarterly instalments. The facility was settled during the financial year.				
ABSA Bank Limited	–	200 000 000	–	200 000 000
The term loan bore interest at the three-month JIBAR plus 1.65%, with interest-only quarterly instalments. The facility was settled during the financial year.				
ABSA Bank Limited	–	90 000 000	–	90 000 000
The revolving credit facility of R180 million bore interest at the three-month JIBAR plus 1.75%, with interest-only quarterly instalments. The facility was settled during the financial year.				
ABSA Bank Limited	–	146 000 000	–	146 000 000
The loan bore interest at the prime lending rate less 1.65%, with interest-only quarterly instalments. The facility was settled during the financial year.				
ABSA Bank Limited	435 000 000	435 000 000	–	–
The loan bears interest at the three-month JIBAR plus 2.10%, with interest-only quarterly instalments. The facility maturity date is the 17 December 2023.				
ABSA Bank Limited	91 000 000	–	91 000 000	–
The loan bears interest at the three-month JIBAR plus 1.80%, with interest-only quarterly instalments. The facility maturity date is the 4 November 2025.				
ABSA Bank Limited	750 000 000	–	750 000 000	–
The loan bears interest at the three-month JIBAR plus 1.86%, with interest-only quarterly instalments. The facility maturity date is the 4 November 2026.				
ABSA Bank Limited	117 000 000	–	117 000 000	–
The facility of R609 million bears interest at the three-month JIBAR plus 1.70%, with interest-only quarterly instalments. The facility maturity date is the 4 November 2024.				
Nedbank Limited	–	600 000 000	–	600 000 000
The loan bore interest at the three-month JIBAR plus 2.20%, with interest-only quarterly instalments. The facility was settled during the financial year.				

13. Financial liabilities (continued)

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Nedbank Limited	500 000 000	–	500 000 000	–
The loan bears interest at the three-month JIBAR plus 1.80%, with interest-only quarterly instalments. The facility maturity date is the 4 November 2025.				
Nedbank Limited	100 000 000	–	100 000 000	–
The loan bears interest at the three-month JIBAR plus 1.86%, with interest-only quarterly instalments. The facility maturity date is the 4 November 2026.				
Rand Merchant Bank Limited	–	300 000 000	–	300 000 000
The loan bore interest at the three-month JIBAR plus 1.59%, with interest-only quarterly instalments. The facility was settled during the financial year.				
Rand Merchant Bank Limited	–	180 000 000	–	180 000 000
The loan bore interest at the three-month JIBAR plus 1.88%, with interest-only quarterly instalments. The facility was settled during the financial year.				
Standard Bank South Africa Limited	–	120 000 000	–	120 000 000
The loan bore interest at the three-month JIBAR plus 1.68%, with interest-only quarterly instalments. The facility was settled during the financial year.				
Standard Bank South Africa Limited	–	250 000 000	–	250 000 000
The loan bore interest at the three-month JIBAR plus 1.82%, with interest-only quarterly instalments. The facility was settled during the financial year.				
Standard Bank South Africa Limited	426 000 000	–	426 000 000	–
The loan bears interest at the three-month JIBAR plus 1.80%, with interest-only quarterly instalments. The facility maturity date is the 4 November 2025.				
Standard Bank South Africa Limited	259 000 000	–	259 000 000	–
The loan bears interest at the three-month JIBAR plus 1.86%, with interest-only quarterly instalments. The facility maturity date is the 4 November 2026.				
	2 678 000 000	2 571 000 000	2 243 000 000	2 136 000 000
Prepaid participation fees on facilities	(11 865 867)	(1 667 208)	(11 865 867)	(1 667 208)
	2 666 134 133	**2 569 332 792**	**2 231 134 133**	**2 134 332 792**
Non-current liabilities	2 666 134 133	1 713 332 792	2 231 134 133	1 278 332 792
Current liabilities	–	856 000 000	–	856 000 000
	2 666 134 133	**2 569 332 792**	**2 231 134 133**	**2 134 332 792**

13. Financial liabilities (continued)

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 R7 027 190 236 (2021: R6 520 865 544).

They are further secured 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 R292 668 311, R88 758 00 and R105 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 R3 570 000 000 (R2 661 000 000), of which R2 666 134 133 (2021: R2 569 332 792) 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 6 and 37.

14. Lease liabilities

		Group		Company	
	Notes	2022 R	2021 R	2022 R	2021 R
Minimum lease payments due					
– within one year		3 475 868	3 263 951	2 621 278	2 487 051
– in second to fifth year inclusive		9 930 677	10 532 101	5 567 909	6 565 948
– later than five years		496 933 690	495 031 364	261 991 084	258 837 553
		510 340 235	508 827 416	270 180 271	267 890 552
less: future finance charges		(482 502 157)	(481 961 137)	(255 498 741)	(253 224 878)
Present value of minimum lease payments		**27 838 077**	**26 866 279**	**14 681 530**	**14 665 674**
Present value of minimum lease payments due					
– within one year		3 031 781	2 846 706	2 284 316	2 167 190
– in second to fifth year inclusive		6 214 289	6 768 115	3 496 888	4 297 751
– later than five years		18 592 007	17 251 458	8 900 326	8 200 733
		27 838 077	**26 866 279**	**14 681 530**	**14 665 674**
Reconciliation of lease liability					
Balance at beginning of year		26 866 279	26 464 156	14 665 675	15 163 007
Lease payment		(3 321 175)	(3 156 481)	(2 544 275)	(2 450 209)
Lease liability variable adjustment		376 282	(221 513)	376 282	(221 513)
Interest		3 916 691	3 780 117	2 183 848	2 174 389
Balance at end of year	3	**27 838 077**	**26 866 279**	**14 681 530**	**14 665 674**
Non-current liabilities		24 806 296	24 019 573	12 397 214	12 498 483
Current liabilities		3 031 781	2 746 706	2 284 316	2 167 191
		27 838 077	**26 766 279**	**14 681 530**	**14 665 674**

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 head office is subject to a five-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		Company	
	2022 R	2021 R	2022 R	2021 R
Property, plant and equipment	18 408 318	12 273 121	18 530 711	–
Expected credit loss allowance	(6 401 536)	(4 121 271)	(3 223 406)	(2 669 648)
Prepaid expenses	771 663	622 215	381 156	290 927
Allowance for future expenditure on contracts	561 971	189 164	433 289	1 074 726
Income received in advance	(7 009 096)	(4 369 622)	(3 999 213)	(2 447 360)
Bonus and leave accruals	(285 670)	(384 071)	(221 178)	(349 714)
Other accruals	(268 686)	(229 015)	(268 687)	(229 015)
Fair value adjustments on derivatives	8 342 721	4 782 582	5 110 693	2 580 492
Capital allowances on investment property	146 803 936	135 975 380	67 440 950	67 982 412
Tax loss	(46 546 113)	(41 657 647)	–	–
Total deferred tax liability	**114 377 508**	**103 080 836**	**84 184 315**	**66 232 820**
Reconciliation of deferred tax liability				
At beginning of year	103 080 836	85 739 980	66 232 820	55 035 285
Property, plant and equipment	6 135 197	12 428 538	18 530 711	–
Expected credit loss allowance	(2 280 265)	(2 363 760)	(553 759)	(1 366 905)
Prepaid expenses	149 448	100 839	90 229	(76 315)
Allowance for future expenditure on contracts	372 807	(856 991)	(641 437)	28 572
Income received in advance	(2 639 474)	1 748 234	(1 551 853)	541 653
Bonus and leave accruals	98 400	–	128 536	–
Other accruals	(39 671)	365 151	(39 671)	365 151
Fair value adjustments on derivatives	3 560 139	12 192 890	2 530 201	9 990 800
Capital allowances on investment property	10 828 556	25 710 685	(541 462)	1 714 579
Tax loss	(4 888 465)	(31 984 730)	–	–
	114 377 508	**103 080 836**	**84 184 315**	**66 232 820**

16. Trade and other payables

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Trade payables	34 366 184	50 538 027	20 105 955	18 133 003
Deposits received	33 024 813	31 632 543	18 105 388	17 769 656
Accrued leave pay and bonus	1 020 250	1 371 681	789 923	1 248 979
Accruals	10 026 711	6 824 136	5 460 968	5 062 532
Rates and utilities accrual	93 590 794	88 207 601	24 413 739	24 790 711
Other payables	1 716 512	4 070 511	762 765	657 580
Amounts received in advance	24 800 226	15 402 939	14 282 904	8 740 572
Value-added Tax	–	495 827	–	4 366 739
	198 545 490	**198 543 265**	**83 921 642**	**80 769 772**

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

17. Loans from subsidiaries

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Exemplar Utilities (Pty) Ltd The loan is unsecured, bears interest at 6.31% (2021: 7.61%) and has no fixed terms of repayment.	–	–	157 587 444	–
Maake Plaza (Pty) Ltd The loan is unsecured, does not bear interest and has no fixed terms of repayment.	–	–	31 956 836	31 504 900
Mall of Thembisa (Pty) Ltd The loan is unsecured, does not bear interest and has no fixed terms of repayment.	–		1 143 185	21 533 196
	–	**–**	**190 687 465**	**53 038 096**

18. Rental income and recoveries

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Rental income	649 764 826	564 327 372	332 252 483	319 629 587
COVID-19 credits	(1 537 457)	(32 463 635)	(831 849)	(18 710 714)
Riot credits	(46 709 634)	–	(33 126 731)	–
Turnover rental income	5 374 418	3 588 235	3 720 542	2 253 334
Recovery income	286 474 791	247 352 627	138 262 405	138 084 420
Operating lease equalisation	(8 761 289)	6 401 362	(17 434 873)	(5 574 103)
	884 605 655	**789 205 961**	**422 841 977**	**435 682 524**

19. Property operating costs

	Notes	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Accounting fees		62 166	85 098	16 440	34 181
Audit fees		1 293 469	1 467 280	694 669	821 556
Bad debts		14 713 115	16 816 794	4 120 753	10 225 388
Bank charges		156 825	110 605	79 121	51 182
Cleaning expenses		21 497 291	19 282 707	9 886 414	10 216 762
COVID-19 expenses		60 562	1 102 072	9 532	530 324
Depreciation		530 966	297 314	210 067	95 923
Employee costs		8 752 424	7 524 405	4 153 560	3 884 236
General expenses		493 156	74 884	197 025	94 415
Insurance		4 525 948	3 398 413	2 076 563	1 807 578
Legal expenses		388 314	799 763	327 856	697 241
Marketing		4 685 031	2 629 139	1 605 904	1 089 722
Rates and utilities		219 879 534	204 703 832	115 056 411	115 328 974
Rent paid		–	121 533	–	10 264
Repairs and maintenance		17 942 880	6 335 432	10 160 029	3 659 961
Security expenses		32 422 369	24 329 931	13 523 025	12 810 797
Stationery		289 417	194 375	142 256	80 502
Telephone and fax		484 113	246 428	204 829	124 888
Tenant installations amortisation	3	6 142 391	3 603 907	2 456 036	1 773 886
Travel – Local		209 998	158 867	59 242	105 364
		334 529 969	**293 282 779**	**164 979 732**	**163 443 144**

20. Other income

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Administration and management fees received	11 952 161	11 062 490	20 942 293	16 916 936
Insurance claim on rental loss and additional security costs	54 421 101	–	38 827 886	–
Sundry income	10 983 726	5 765 380	13 349 846	4 048 804
	77 356 988	**16 827 870**	**73 120 025**	**20 965 740**

21. Operating profit

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

	Group		Company	
	2022 R	2021 R	2022 R	2021 R
Employee costs				
Salaries, wages, bonuses and other benefits	31 957 252	28 475 451	24 665 938	22 827 397
Depreciation				
Depreciation of property, plant and equipment	836 412	535 535	1 182 152	325 115

22. Investment income

	Notes	Group		Company	
		2022 R	2021 R	2022 R	2021 R
Dividend income					
Group companies:					
Subsidiaries – Local		–	–	145 428 131	54 518 727
Interest income					
Investments in financial assets:					
Bank and other cash		4 904 503	2 310 759	4 383 515	1 837 498
Employee share scheme		2 899 859	3 462 013	2 899 859	3 462 013
Loans receivable		2 909 015	12 953 557	–	–
Other financial assets		5 037 910	5 027 547	1 814 902	2 541 178
		15 751 287	**23 753 876**	**9 098 276**	**7 840 689**
Loans to group companies:					
Subsidiaries		–	–	97 770 755	100 996 610
Total interest income		**15 751 287**	**23 753 876**	**106 869 031**	**108 837 299**
Total investment income		**15 751 287**	**23 753 876**	**252 297 162**	**163 356 026**

23. Insurance claim on material loss

This amount relates to the cost to rebuild the centres damaged during the July 2021 riots.

24. Reversal of impairment loss/(impairment loss)

	Note	Maake Plaza a (Pty) Ltd R	Modimall (Pty) Ltd R	Mabopane Square (Pty) Ltd R	Totals R
2022					
Net asset value		69 756 525	63 409 206	36 868 955	170 034 686
Investment in subsidiary		(74 359 725)	(53 143 558)	(36 277 727)	(163 781 010)
Reversal of impairment loss/ (impairment loss)	4	**(4 603 200)**	**10 265 648**	**591 228**	**6 253 680**
2021					
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	4	**(18 421 127)**	**(10 265 648)**	**(591 228)**	**(29 278 003)**

The net reversal of impairment loss recognised in the current year relates to the further impairment of the Company's investment in Maake Plaza, and the reversal of the prior year impairment of the investment in Modimall and Mabopane Square. The recoverable amount of each investment was based on the net asset value of these entities. The movement in net asset value in Maake Plaza, Modimall and Mabopane Square is directly attributable to the fair value adjustments of the investment properties.

25. Finance costs

	Group		Company	
	2022 R	2021 R	2022 R	2021 R
Non-current borrowings	150 262 028	145 387 968	123 026 010	140 545 167
Amortisation of participation fees on facilities	5 713 590	6 353 279	5 713 590	6 353 279
Imputed interest on lease liabilities	3 916 691	3 780 117	2 183 848	2 174 389
Settlement costs	–	95 240 990	–	57 306 721
Other interest paid	6 163 401	3 992 473	8 697 438	1 333 991
Total finance costs	**166 055 710**	**254 754 827**	**139 620 886**	**207 713 547**

The settlement costs in the prior year related 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.

	Group		Company	
	2022 R	2021 R	2022 R	2021 R
Reconciliation of finance costs from operating activities				
Total finance costs	166 055 710	254 754 827	139 620 886	207 713 547
Imputed interest on lease liabilities	(1 191 033)	(1 247 272)	360 427	275 819
Movement in prepaid participation fees on facilities	10 198 658	(1 439 172)	10 198 658	(1 439 172)
Finance costs from operating activities	**175 063 335**	**252 068 383**	**150 179 971**	**206 550 194**

26. Taxation

Major components of the income tax expense

	Group		Company	
	2022 R	2021 R	2022 R	2021 R
Deferred				
Property, plant and equipment	6 135 197	12 428 538	18 530 711	–
Expected credit loss allowance	(2 280 264)	(2 363 760)	(553 759)	(1 366 905)
Prepaid expenses	149 448	100 839	90 229	(76 315)
Allowance for future expenditure on contracts	372 807	(856 991)	(641 437)	(1 742 554)
Income received in advance	(2 639 474)	1 748 234	(1 551 853)	541 653
Bonus and leave accruals	98 400	–	128 536	–
Other accruals	(39 671)	365 151	(39 671)	365 151
Fair value movements on derivatives	3 560 139	12 192 890	2 530 201	9 990 800
Capital allowances	10 828 556	13 553 197	(541 462)	3 485 705
Tax loss	(4 888 465)	(19 827 243)	–	–
Originating and reversing temporary differences	**11 296 673**	**17 340 855**	**17 951 495**	**11 197 535**

Reconciliation of the tax expense

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	28.00	28.00	28.00	28.00
Tax effect of adjustments on taxable income				
Permanent difference on tax deductible REIT dividend (s25BB qualifying deduction)	(14.54)	(8.71)	(17.21)	(56.70)
Permanent difference on fair value adjustments	(8.96)	(6.28)	1.75	18.60
Permanent difference on operating lease equalisation adjustments	0.13	(1.30)	0.77	1.14
Permanent difference on lease liabilities	0.02	–	(0.02)	–
Permanent difference on distributions by subsidiaries	3.24	0.86	0.24	11.14
Permanent difference on insurance claim proceeds – material loss	(8.05)	0.00	(10.96)	–
Permanent difference on impairment loss	0.18	0.46	(0.28)	5.98
Reversal of taxable temporary difference – tax loss	(0.21)	–	–	–
Reversal of deductible temporary difference – capital allowances on investment property acquired	1.15	(1.34)	1.82	–
Reversal of taxable temporary difference – property, plant and equipment	(1.04)	–	–	–
Substantively enacted tax rate change	1.14	–	(1.29)	–
(Over)/under provision of deferred tax for prior periods	0.04	0.20	–	0.02
Deferred tax asset not recognised	0.02	0.09	–	–
	1.12	**11.98**	**2.82**	**8.17**

27. Cash generated from operations

	Group		Company	
	2022 R	2021 R	2022 R	2021 R
Profit before taxation	1 006 256 415	253 150 394	635 628 071	137 023 051
Adjustments for:				
Depreciation and amortisation	8 103 803	535 535	3 638 187	325 115
Dividend income	–	–	(127 958 918)	(54 518 727)
Interest income	(15 751 287)	(23 753 876)	(124 338 244)	(108 837 299)
Finance costs	166 055 710	254 754 827	139 620 886	207 713 547
Insurance claim on material loss	(289 284 299)	–	(248 691 183)	–
(Reversal of impairment loss)/ impairment loss	–	–	(6 253 676)	29 278 003
Fair value (gains)/losses on investment property	(265 128 923)	39 523 959	40 367 362	91 281 652
Movement in lease liabilities	376 282	(221 513)	376 282	(221 513)
Movement in lease equalisation	8 761 289	(6 401 362)	17 434 874	5 574 103
Fair value (gains)/losses on derivative financial instruments	(13 818 316)	(43 546 036)	(9 712 450)	(35 681 430)
Changes in working capital:				
Trade and other receivables	829 559	(11 029 857)	(533 928)	2 089 807
Trade and other payables	2 224	31 904 191	3 151 870	21 864 098
	606 402 457	**494 916 262**	**322 729 134**	**295 890 407**

28. Reconciliation of liabilities arising from financing activities

		Group		Company	
	Notes	2022 R	2021 R	2022 R	2021 R
Balance at beginning of year		2 569 332 792	2 062 810 894	2 134 332 792	2 062 810 894
Financial liabilities acquired		–	600 000 000	–	–
Movement in prepaid participation fees on facilities		(10 198 658)	1 439 172	(10 198 658)	1 439 172
Proceeds from financial liabilities		2 438 454 541	448 741 354	2 438 454 541	613 741 354
Repayment of financial liabilities		(2 331 454 542)	(543 658 628)	(2 331 454 542)	(543 658 628)
Balance at end of year	13	**2 666 134 133**	**2 569 332 792**	**2 231 134 133**	**2 134 332 792**

29. Reconciliation of loans to subsidiaries arising from investing activities

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Balance at beginning of year		–	–	1 492 158 541	1 214 310 428
Increase in loans to subsidiaries		**–**	**–**	**42 781 549**	**277 848 113**
Repayment of subsidiary loans		–	–	(365 334 131)	(237 206 336)
Advances of subsidiary loans		–	–	517 350 359	467 864 267
Loan repayments arising on acquisition of solar plants		–	–	(109 234 679)	–
Loans to subsidiaries acquired		–	–	–	47 190 182
Balance at end of year	7	**–**	**–**	**1 534 940 090**	**1 492 158 541**

30. Reconciliation of loans receivable arising from investing activities

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Balance at beginning of year		49 908 302	220 791 624	45 290 167	215 172 823
Increase in loans receivable		**(2 324 381)**	**(170 883 322)**	**(1 207 919)**	**(169 882 656)**
Repayment of loans receivable		(5 679 454)	(580 307 425)	(4 107 778)	(580 307 425)
Advances of loans receivable		3 355 073	409 424 103	2 899 859	410 424 769
Balance at end of year	8	**47 583 921**	**49 908 302**	**44 082 248**	**45 290 167**

31. Reconciliation of loans from subsidiaries arising from financing activities

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Balance at beginning of year		–	–	(53 038 096)	(31 971 177)
Increase in loans from subsidiaries		**–**	**–**	**(137 649 369)**	**(21 066 919)**
Repayment of subsidiary loans		–	–	99 870 139	15 473 081
Advances of subsidiary loans		–	–	(83 618 183)	(36 540 000)
Loan arising on acquisition of solar plants		–	–	(153 901 325)	–
Balance at end of year	17	**–**	**–**	**(190 687 465)**	**(53 038 096)**

32. Dividends paid

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Shareholders of Exemplar	(311 769 825)	(273 924 324)	(311 769 825)	(273 924 324)
Dividends payable – prior year	–	(5 472 840)	–	–
Dividends payable – current year	11 219 326	–	–	–
Non-controlling interest	(23 187 642)	(2 988 882)	–	–
	(323 738 141)	**(282 386 046)**	**(311 769 825)**	**(273 924 324)**

Dividends are paid from operating profits.

33. Earnings and headline earnings

Reconciliation of basic earnings to headline earnings

	Group	
	2022 R	2021 R
Profit for the year attributable to equity holders of Exemplar	914 274 605	231 517 519
Fair value adjustment to investment properties	(265 128 923)	39 523 959
Non-controlling interest in fair value adjustment to investment properties	51 212 752	(9 824 955)
Insurance claim on material loss	(289 284 299)	–
Non-controlling interest in insurance claim on material loss	8 144 006	–
Headline earnings	**419 218 141**	**261 216 523**
Number of shares in issue	332 290 686	332 290 686
Weighted average number of shares in issue	332 290 686	326 843 495
Basic and diluted earnings per share (cents)	275,14301	70,83437
Headline and diluted headline earnings per share (cents)	126,16006	79,92098

34. Directors' emoluments

	2022		2021	
Executive	**Short-term employee benefits**	**Total**	Short-term employee benefits	Total
Church, DA				
Salary	3 374 280	3 374 280	3 244 500	3 244 500
McCormick, J (Jason)				
Salary	1 687 140	1 687 140	1 622 500	1 622 500
McCormick, J (John)				
Salary	1 687 140	1 687 140	1 622 500	1 622 500
	6 748 560	**6 748 560**	**6 489 500**	**6 489 500**

34. Directors' emoluments (continued)

	2022		2021	
Non-executive	**Directors' fees**	**Total**	Directors' fees	Total
Azzopardi, GVC	415 000	415 000	327 600	327 600
Berkeley, FM	536 000	536 000	436 800	436 800
Katzenellenbogen, PJ	466 000	466 000	327 600	327 600
Mandindi, N	216 404	216 404	–	–
Maponya, EP	430 000	430 000	327 600	327 600
	2 063 404	**2 063 404**	**1 419 600**	**1 419 600**

35. Related parties

Relationships

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

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Related party balances				
Loan accounts – Owing (to) by related parties				
Alex Mall (Pty) Ltd	–	–	289 046 193	298 618 431
Bizana Walk (Pty) Ltd			3 110 578	–
Exemplar Leasing (Pty) Ltd	–	–	1 054 983	749 900
Exemplar Utilities (Pty) Ltd	–	–	(157 587 444)	42 281 480
Jason McCormick – Share Scheme	10 140 079	10 417 104	10 140 079	10 417 104
Katale Square (Pty) Ltd	–	–	98 174 429	99 561 007
KwaBhaca Mall (Pty) Ltd	–	–	133 752 200	(31 504 900)
Maake Plaza (Pty) Ltd	–	–	(31 956 836)	120 888 804
Mabopane Square (Pty) Ltd	–	–	122 704 248	216 059 729
Mall of Thembisa (Pty) Ltd	–	–	216 059 729	(21 533 196)
Mall of Thembisa (Pty) Ltd	–	–	(1 143 185)	106 357 103
Mandeni Plaza (Pty) Ltd	–	–	104 453 834	200 441 252
Modimall (Pty) Ltd	–	–	198 965 591	24 835 260
Phola Mall (Pty) Ltd	–	–	277 890 773	291 490 697
Theku Plaza (Pty) Ltd	–	–	80 844 816	80 006 786
Tsakane Mall (Pty) Ltd	–	–	8 882 715	10 868 091
Related party transactions				
Interest received from/(paid to) related parties				
Alex Mall (Pty) Ltd	–	–	–	20 723 909
Bizana Walk (Pty) Ltd	–	–	9 009	–
Exemplar Leasing (Pty) Ltd	–	–	65 083	–
Exemplar Utilities (Pty) Ltd	–	–	3 694 292	1 446 272
Exemplar Utilities (Pty) Ltd	–	–	(2 561 932)	–
Jason McCormick – Share Scheme	667 087	796 088	667 087	796 088
Katale Square (Pty) Ltd	–	–	6 108 720	6 421 266

35. Related parties (continued)

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
KwaBhaca Mall (Pty) Ltd	–	–	4 589 579	–
Mabopane Square (Pty) Ltd	–	–	7 487 392	8 205 656
Mall of Thembisa (Pty) Ltd	–	–	33 293 916	3 476 803
Mandeni Plaza (Pty) Ltd	–	–	6 737 832	7 431 139
McCormick Property Development (Pty) Ltd	–	12 091 029	–	12 091 029
Modimall (Pty) Ltd	–	–	12 351 688	13 420 010
Phola Mall (Pty) Ltd	–	–	17 892 816	19 960 891
Theku Plaza (Pty) Ltd	–	–	5 228 426	5 843 611
Tsakane Mall (Pty) Ltd	–	–	100 221	1 113 494
Leasing fees paid to related parties				
Exemplar Leasing (Pty) Ltd	–	–	(165 487)	(171 070)
Commission paid to related parties				
Exemplar Leasing (Pty) Ltd	–	–	(1 986 281)	(1 662 944)
Management fees received from related parties				
Alex Mall (Pty) Ltd	–	–	1 799 257	1 659 514
Katale Square (Pty) Ltd	–	–	460 271	426 340
Maake Plaza (Pty) Ltd	–	–	275 111	253 586
Mabopane Square (Pty) Ltd	–	–	571 570	535 222
Mall of Thembisa (Pty) Ltd	–	–	3 268 854	606 931
Mandeni Plaza (Pty) Ltd	–	–	646 121	581 632
Modimall (Pty) Ltd	–	–	1 011 609	929 946
Phola Mall (Pty) Ltd	–	–	1 860 839	1 580 132
Theku Plaza (Pty) Ltd	–	–	872 573	805 628
Tsakane Mall (Pty) Ltd	–	–	1 345 394	1 204 158
Purchase of solar assets from related parties				
Exemplar Utilities (Pty) Ltd	–	–	263 136 004	–
Rooftop rent paid to related parties				
Alex Mall (Pty) Ltd	–	–	(41 108)	–
Katale Square (Pty) Ltd	–	–	(17 237)	–
Mabopane Square (Pty) Ltd	–	–	(21 546)	–
Mall of Thembisa (Pty) Ltd	–	–	(87 480)	–
Phola Mall (Pty) Ltd	–	–	(43 376)	–
Tsakane Mall (Pty) Ltd	–	–	(19 962)	–
Electricity income received from related parties				
Alex Mall (Pty) Ltd	–	–	852 284	–
Katale Square (Pty) Ltd	–	–	329 457	–
Mabopane Square (Pty) Ltd	–	–	362 820	–
Mall of Thembisa (Pty) Ltd	–	–	1 747 089	–
Phola Mall (Pty) Ltd	–	–	798 980	–
Tsakane Mall (Pty) Ltd	–	–	667 940	–

35. Related parties (continued)

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Dividends received from related parties				
Alex Mall (Pty) Ltd	–	–	49 138 111	11 039 341
Katale Square (Pty) Ltd	–	–	2 804 702	4 903 465
Maake Plaza (Pty) Ltd	–	–	7 158 064	6 193 064
Mabopane Square (Pty) Ltd	–	–	6 926 508	5 768 076
Mandeni Plaza (Pty) Ltd	–	–	2 711 471	751 307
Modimall (Pty) Ltd	–	–	6 832 651	8 294 756
Phola Mall (Pty) Ltd	–	–	12 668 569	1 808 055
Theku Plaza (Pty) Ltd	–	–	12 067 556	2 989 829
Tsakane Mall (Pty) Ltd	–	–	33 104 403	12 770 834
Rent and operating costs (paid to) related parties				
The John McCormick Family Trust	(1 381 027)	(1 331 388)	(1 381 027)	(1 331 388)

36. 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.

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Receivable within year one	657 560 674	633 164 627	289 053 727	307 841 944
Receivable within year two	461 634 521	485 793 226	217 934 375	198 749 753
Receivable within year three	314 616 253	389 224 396	152 823 924	178 160 638
Receivable within year four	213 095 049	266 258 733	85 458 751	122 620 770
Receivable within year five	130 764 236	179 098 918	46 923 734	70 741 848
Receivable beyond five years	419 838 183	379 769 403	245 931 420	130 707 822
	2 197 508 916	**2 333 309 303**	**1 038 125 931**	**1 008 822 775**

Due to the damage caused during the July 2021 riots, Greater Edendale Mall is in the process of being rebuilt and is therefore excluded from the minimum lease payments reflected above.

The Group lets 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%.

37. Risk management

Categories of financial instruments

Categories of financial assets	Notes	Group Fair value through profit or loss R	Group Amortised cost R	Group Total R
2022				
Derivative financial instruments	6	30 898 965	–	30 898 965
Loans receivable	8	–	47 583 921	47 583 921
Trade and other receivables	9	–	19 335 496	19 335 496
Cash and cash equivalents	10	–	289 513 837	289 513 837
		30 898 965	**356 433 254**	**387 332 219**
2021				
Derivative financial instruments	6	17 080 649	–	17 080 649
Loans receivable	8	–	49 908 302	49 908 302
Trade and other receivables	9	–	28 331 327	28 331 327
Cash and cash equivalents	10	–	40 662 301	40 662 301
		17 080 649	**118 901 930**	**135 982 579**

Categories of financial liabilities	Notes	Group Fair value through profit or loss R	Group Amortised cost R	Group Total R
2022				
Financial liabilities	13	–	2 678 000 000	2 678 000 000
Trade and other payables	16	–	139 700 201	139 700 201
Dividends payable	32	–	11 219 326	11 219 326
		–	**2 828 919 527**	**2 828 919 527**
2021				
Financial liabilities	13	–	2 571 000 000	2 571 000 000
Trade and other payables	16	–	149 640 275	149 640 275
		–	**2 720 640 275**	**2 720 640 275**

37. Risk management

Categories of financial instruments

Categories of financial assets	Notes	Company Fair value through profit or loss R	Company Amortised cost R	Company Total R
2022				
Derivative financial instruments	6	18 928 492	–	18 928 492
Loans to subsidiaries	7	–	1 534 940 090	1 534 940 090
Loans receivable	8	–	44 082 248	44 082 248
Trade and other receivables	9	–	13 084 202	13 084 202
Cash and cash equivalents	10	–	279 756 830	279 756 830
Dividend receivable		–	19 084 921	19 084 921
		18 928 492	**1 890 948 291**	**1 909 876 783**
2021				
Derivative financial instruments	6	9 216 042	–	9 216 042
Loans to subsidiaries	7	–	1 492 158 541	1 492 158 541
Loans receivable	8	–	45 290 167	45 290 167
Trade and other receivables	9	–	13 255 902	13 255 902
Cash and cash equivalents	10	–	31 089 109	31 089 109
		9 216 042	**1 581 793 719**	**1 591 009 761**

Categories of financial liabilities	Notes	Company Fair value through profit or loss R	Company Amortised cost R	Company Total R
2022				
Financial liabilities	13	–	2 243 000 000	2 243 000 000
Trade and other payables	16	–	50 743 427	50 743 427
Loans from subsidiaries	17	–	190 687 465	190 687 465
		–	**2 484 430 892**	**2 484 430 892**
2021				
Financial liabilities	13	–	2 136 000 000	2 136 000 000
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**

37. Risk management (continued)

Pre-tax gains and losses on financial instruments

Gains and losses on financial assets	Notes	Group Fair value through profit or loss R	Group Amortised cost R	Group Total R
2022				
Interest income	22	–	15 751 287	15 751 287
Gain on fair value of derivative financial instruments		13 818 316	–	13 818 316
		13 818 316	**15 751 287**	**29 569 603**
2021				
Interest income	22	–	23 753 876	23 753 876
Gain on fair value of derivative financial instruments		43 546 036	–	43 546 036
		43 546 036	**23 753 876**	**67 299 912**

Gains and losses on financial liabilities	Notes	Group Fair value through profit or loss R	Group Amortised cost R	Group Total R
2022				
Finance costs	25	–	(166 055 710)	(166 055 710)
		–	**(166 055 710)**	**(166 055 710)**
2021				
Finance costs	25	–	(254 754 827)	(254 754 827)
		–	**(254 754 827)**	**(254 754 827)**

Gains and losses on financial assets	Notes	Company Fair value through profit or loss R	Company Amortised cost R	Company Total R
2022				
Interest income	22	–	106 869 031	106 869 031
Gain on fair value of derivative financial instruments		9 712 450	–	9 712 450
		9 712 450	**106 869 031**	**116 581 481**
2021				
Interest income	22	–	108 837 299	108 837 299
Gain on fair value of derivative financial instruments		35 681 430	–	35 681 430
		35 681 430	**108 837 299**	**144 518 729**

37. Risk management (continued)

Gains and losses on financial liabilities	Notes	Company: Fair value through profit or loss R	Company: Amortised cost R	Company: Total R
2022				
Finance costs	25	–	(139 620 886)	(139 620 886)
		–	**(139 620 886)**	**(139 620 886)**
2021				
Finance costs	25	–	(207 713 547)	(207 713 547)
		–	**(207 713 547)**	**(207 713 547)**

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 13, cash and cash equivalents disclosed in notes 10, and equity as disclosed in the statement of financial position.

	Notes	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Loans from subsidiaries	17	–	–	190 687 465	53 038 096
Financial liabilities	13	2 678 000 000	2 571 000 000	2 243 000 000	2 136 000 000
Lease liabilities	14	27 838 077	26 866 279	14 681 530	14 665 674
Trade and other payables	16	139 700 201	149 640 275	50 743 427	48 643 826
Total borrowings		**2 845 538 278**	**2 747 506 554**	**2 499 112 422**	**2 252 347 596**
Cash and cash equivalents	10	(289 513 837)	(40 662 301)	(279 756 830)	(31 089 109)
Net borrowings		**2 556 024 441**	**2 706 844 253**	**2 219 355 592**	**2 221 258 487**

The Group's loan agreements are subject to covenant clauses, comprising certain key financial ratios. The financial loan covenants comprise a Loan-to-Value Ratio that does not at any time exceed 50%, and an Interest Cover Ratio that is at all times at least 2,00 times.

37. Risk management (continued)

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 and Company are exposed to credit risk on loans receivable, trade and other 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.

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.

Trade receivables and loans receivable

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 loans receivable. To measure the expected credit losses, trade receivables and loans receivable 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 2022 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. Refer to note 9 – Trade and other receivables for the key macroeconomic factors identified by the Group, and the adjustments to the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 28 February 2022 was determined as follows for both trade receivables and loans receivable.

37. Risk management (continued)

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

		Group		
	Notes	Gross carrying amount R	Credit loss allowance R	Amortised cost R
2022				
Loans receivable	8	47 583 921	–	47 583 921
Trade and other receivables	9	65 627 293	(46 291 797)	19 335 496
Cash and cash equivalents	10	289 513 837	–	289 513 837
		402 725 051	**(46 291 797)**	**356 433 254**
2021				
Loans receivable	8	49 908 302	–	49 908 302
Trade and other receivables	9	52 395 906	(24 064 579)	28 331 327
Cash and cash equivalents	10	40 662 301	–	40 662 301
		142 966 509	**(24 064 579)**	**118 901 930**

		Company		
	Notes	Gross carrying amount R	Credit loss allowance R	Amortised cost R
2022				
Loans to subsidiaries	6	1 534 940 090	–	1 534 940 090
Loans receivable	7	44 082 248	–	44 082 248
Trade and other receivables	8	35 604 498	(22 520 296)	13 084 202
Cash and cash equivalents	9	279 756 830	–	279 756 830
		1 894 383 666	**(22 520 296)**	**1 871 863 370**
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**

37. 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 resources 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 10 and 13, 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.

		Group			
2022	Notes	Less than 1 year R	2 to 5 years R	Over 5 years R	Total R
Non-current assets					
Derivative financial instruments	6	–	31 876 861	–	31 876 861
Non-current liabilities					
Financial liabilities	13	(142 492 978)	(2 925 590 245)	–	(3 068 083 223)
					–
Current liabilities					
Trade and other payables	16	(139 700 201)	–	–	(139 700 201)
		(282 193 179)	**(2 893 713 384)**	**–**	**(3 175 906 563)**
2021					
Non-current assets					
Derivative financial instruments	6	–	18 739 521	–	18 739 521
Non-current liabilities					
Financial liabilities	13	(901 245 520)	(1 812 479 300)	–	(2 713 724 820)
Current liabilities					
Trade and other payables	16	(149 640 275)	–	–	(149 640 275)
		(1 050 885 795)	**(1 793 739 779)**	**–**	**(2 844 625 574)**

37. Risk management (continued)

2022	Notes	Company Less than 1 year R	2 to 5 years R	Over 5 years R	Total R
Non-current assets					
Derivative financial instruments	6	–	19 482 507	–	19 482 507
Non-current liabilities					
Financial liabilities	13	(118 415 293)	(2 486 577 298)	–	(2 604 992 591)
Current liabilities					
Trade and other payables	16	(50 743 427)	–	–	(50 743 427)
Loans from subsidiaries	17	(188 125 533)	–	–	(188 125 533)
		(357 284 253)	**(2 486 577 298)**	**–**	**(2 843 861 551)**
2021					
Non-current assets					
Derivative financial instruments	6	–	10 139 075	–	10 139 075
Non-current liabilities					
Financial liabilities	13	(901 245 520)	(1 352 501 600)	–	(2 253 747 120)
Current liabilities					
Trade and other payables	16	(48 643 826)	–	–	(48 643 826)
Loans from subsidiaries	17	(53 038 096)	–	–	(53 038 096)
		(1 002 927 442)	**(1 342 362 525)**	**–**	**(2 345 289 967)**

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 three month Jibar and the prime lending rate. The Company's weighted average cost of borrowing is 3 month JIBAR plus 1.905% (2021: 3 month JIBAR plus 1.91%), excluding the amortisation of hedging costs and participation fees. The Group strategy is well-managed and monitored, and 48.2% (2021: 50.08%) 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 6. 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 R22 311 341 (2021: R21 343 328) before tax.

37. 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	Group Fair value R	Level 1 R	Level 2 R	Level 3 R
2022					
Assets					
Investment properties	3	7 042 837 495	–	–	7 042 837 495
Derivative financial instruments	6	30 898 965	–	30 898 965	–
2021					
Assets					
Investment properties	3	6 541 590 893	–	–	6 541 590 893
Derivative financial instruments	3	17 080 649	–	17 080 649	–

	Notes	Company Fair value R	Level 1 R	Level 2 R	Level 3 R
2022					
Assets					
Investment properties	3	3 322 201 163	–	–	3 322 201 163
Derivative financial instruments	6	18 928 492	–	18 928 492	–
2021					
Assets					
Investment properties	3	3 271 236 539	–	–	3 271 236 539
Derivative financial instruments	6	9 216 042	–	9 216 042	–

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

Refer to notes 3 and 6 for the relevant valuation methods, inputs and assumptions made.

38. Acquisition of assets and liabilities by the Group

During the prior year, Exemplar acquired shares and shareholder's 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.

	2022 Interest acquired %	2021 Interest acquired %
Entities		
Mall of Thembisa (Pty) Ltd	–	50.10
	R	R
Assets and liabilities arising from the acquisitions are as follows:		
Assets		
Investment property	–	725 489 520
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**
Non-controlling interest	–	(47 415 195)
Fair value of Exemplar REITail's share of net assets acquired	**–**	**78 584 805**
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.

39. 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:

	2022 %	2021 %
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

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

	2022 R	2021 R
Statement of profit or loss and other comprehensive income		
Rental income and recoveries	198 736 310	186 818 154
Straight-line lease income adjustments	962 370	(2 462 157)
Property operating expenses	(68 091 084)	(64 538 573)
Profit from operations	**131 607 596**	**119 817 423**
Fair value adjustment to investment properties	76 239 410	(66 405 018)
Other income	8 313 051	1 206
Interest income	898 554	1 529 442
Finance costs	(736 099)	(2 999 190)
Insurance claim on material loss	13 553 966	–
Profit before taxation	**229 876 477**	**51 943 864**

39. Joint operations (continued)

	2022 R	2021 R
Statement of financial position		
Opening fair value of property assets	1 594 218 603	1 659 872 053
Additions	102 324	7 643 040
Additions – riot damage	13 509 410	–
Net movement in tenant installations	1 768 817	(106 047)
Fair value adjustment	76 239 410	(66 405 017)
Lease liability	(307 974)	(4 323 270)
Operating lease asset	962 370	(2 462 156)
Closing fair value of property assets	1 686 492 960	1 594 218 603
Property, plant and equipment	170 800	206 266
Current assets	353 051 263	249 364 800
Total assets	**2 039 715 022**	**1 843 789 669**
Equity	2 113 214 898	1 912 866 144
Deferred taxation	(46 310 681)	(45 908 690)
Current liabilities	(27 189 194)	(23 167 785)
Total equity and liabilities	**2 039 715 022**	**1 843 789 669**

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

40. Commitments

The Company has declared its intention to rebuild the riot damaged, Greater Edendale Mall in KwaZulu-Natal, with an additional anticipated reinstatement spend of R230 759 631.

The Company is committed to fund the capital cost of the KwaBhaca Mall development in the Eastern Cape. The development is expected to be completed in late 2022, with an additional anticipated commitment of R151 838 950.

41. 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 m^2	Investment property R	Rental income and recoveries R	Property operating expenses R	Change in fair values R	Net property income R
2022						
Gauteng	172 909	3 718 030 115	474 761 903	(155 975 096)	284 514 074	603 300 881
Mpumalanga	85 924	1 439 408 491	193 011 969	(74 488 835)	142 857 476	261 380 610
KwaZulu-Natal	57 388	557 496 820	57 655 409	(40 676 576)	(252 873 864)	(235 895 031)
Limpopo	52 665	870 405 770	127 385 563	(51 384 896)	73 440 510	149 441 177
Eastern Cape	13 597	336 260 205	31 790 811	(12 004 566)	17 190 727	36 976 972
	382 483	**6 921 601 401**	**884 605 655**	**(334 529 969)**	**265 128 923**	**815 204 609**
2021						
Gauteng	172 716	3 397 486 016	357 189 690	(122 890 081)	71 423 325	305 722 934
Mpumalanga	85 920	1 278 093 659	177 191 977	(61 882 403)	(112 138 064)	3 171 510
KwaZulu-Natal	57 398	762 377 646	116 157 702	(50 654 809)	(3 253 160)	62 249 733
Limpopo	52 690	767 490 742	110 463 333	(45 761 911)	2 386 723	67 088 145
Eastern Cape	13 597	205 173 649	28 203 259	(12 093 575)	2 057 217	18 166 901
	382 321	**6 410 621 712**	**789 205 961**	**(293 282 779)**	**(39 523 959)**	**456 399 223**

ANNEXURE – DISTRIBUTABLE EARNINGS RECONCILIATION

	Group	
	2022 **R**	2021 R
Distributable earnings reconciliation		
Net property income	**815 204 609**	**456 399 223**
Other income	77 356 988	16 827 870
Administrative expenses and corporate costs	(39 103 374)	(32 621 784)
Investment income	15 751 287	23 753 876
Finance costs	(166 055 710)	(254 754 827)
Insurance claim received on material loss	289 284 299	–
Fair value adjustment to derivative financial instruments	13 818 316	43 546 036
Taxation	(11 296 673)	(17 340 855)
Total comprehensive income	**994 959 742**	**235 809 539**
Distributable earnings adjustments:		
Attributable to non-controlling interests	(80 685 137)	(4 292 020)
Fair value adjustment to investment properties	(265 128 923)	39 523 959
Non-controlling interest in fair value adjustment to investment properties	51 212 752	(9 824 955)
Straight-line lease income adjustments	8 761 289	(6 401 362)
Non-controlling interest in straight-line lease income adjustments	5 016 162	3 198 872
Lease liability adjustment – rent paid	(2 887 145)	(3 156 481)
Lease liability adjustment – interest on lease	3 742 166	3 780 118
Non-controlling interest in lease liability adjustments	(473 625)	(440 087)
Fair value adjustment to derivative financial instruments	(13 818 316)	(43 546 036)
Non-controlling interest in fair value adjustment to derivative financial instruments	2 048 827	–
Settlement costs of derivative financial instruments amortised	(45 366 969)	50 382 610
Non-controlling interest in settlement costs of derivative financial instruments amortised	3 433 318	(3 433 318)
Insurance claim on material loss	(289 284 299)	–
Non-controlling interest in insurance claim on material loss	8 144 006	–
Depreciation expense on solar projects	–	(951 420)
Deferred tax movement	11 296 673	17 340 855
Non-controlling interest in deferred tax movement	(202 758)	–
Antecedent adjustment	–	1 949 534
Distributable income	**390 767 763**	**279 939 808**
Distributable income per share (cents)	117,59817	85,03155
Distributable income for the year	390 767 763	279 939 808
Interim dividend paid	(150 675 417)	(116 895 874)
Dividend per share (cents)	45,34446	35,96489
Number of shares	332 290 686	325 027 765
Final dividend	240 092 349	163 043 941
Dividend per share (cents)	72,25371	49,06666
Number of shares	332 290 686	332 290 686
Dividend per share for the 12 months (cents)	**117,59817**	**85,03155**

Mall of Thembisa

SHAREHOLDER INFORMATION

Kwagga Mall

SHAREHOLDER ANALYSIS

Analysis of ordinary shareholders as at 28 February 2022

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	33	26.83	10 657	–
1 001 – 10 000 shares	18	14.63	82 486	0.03
10 001 – 100 000 shares	38	30.89	1 503 707	0.45
100 001 – 1 000 000 shares	13	10.57	4 276 489	1.29
Over 1 000 000 shares	21	17.08	326 417 347	98.23
Total	**123**	**100.00**	**332 290 686**	**100.00**
Distribution of shareholders				
Individuals	91	73.98	7 162 207	2.16
Private companies	23	18.70	316 747 963	95.32
Trusts	7	5.69	6 309 803	1.90
Close corporations	2	1.63	2 070 713	0.62
Total	**123**	**100.00**	**332 290 686**	**100.00**
Shareholder type				
Non-public shareholders				
Extended family of a director	2	1.63	3 271 731	0.98
Directors and associates of a director	10	8.13	261 844 444	78.80
Public shareholders	111	90.24	67 174 511	20.22
Total	**123**	**100.00**	**332 290 686**	**100.00**
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, 3 June 2022**
Posting date	**Tuesday, 14 June 2022**
Last day to trade in order to be eligible to vote	**Tuesday, 5 July 2022**
Record date for voting purposes	**Friday, 8 July 2022**
For administration purposes, forms of proxy to be lodged by 15h00 on	**Monday, 11 July 2022**
AGM to be held at 15h00 on	**Wednesday, 13 July 2022**
Results of AGM released on SENS on or before	**Friday, 15 July 2022**

NOTICE OF ANNUAL GENERAL MEETING

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**)

Notice is hereby given that the annual general meeting (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, 13 July 2022 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 Central Securities Depository Participant (CSDP), stockbroker, banker, attorney, accountant or other professional advisor immediately.

Ordinary resolutions

Ordinary resolution 1:

Approval of director appointed by the board

"In accordance with the Company's memorandum of incorporation, to approve, by resolution, the following director appointed during the period by the board:

1.1 Nonyameko Mandindi as a non-executive director (appointed 23 July 2021)"

The abbreviated curriculum vitae of the aforementioned director is available on page 61 of the IAR of which this notice forms part.

The board has considered the performance and contribution to the Company of the aforementioned director and recommends that the director's appointment be approved.

In order for ordinary resolution 1.1 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 2:

Re-election of directors 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:

2.1 Duncan A Church

2.2 Nonyameko Mandindi

2.3 Gregory VC Azzopardi"

The abbreviated curricula vitae of the aforementioned directors are available on pages 60 to 61 of the IAR of which this notice forms part.

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

In order for ordinary resolutions 2.1 to 2.3 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 3:

Re-appointment of external auditor

"Resolved that BDO South Africa Inc, together with Garron Chaitowitz as the engagement audit partner, be and is 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 3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 4:

Re-appointment of members of the Audit and Risk Committee

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

4.1 Peter J Katzenellenbogen

4.2 Frank M Berkeley

4.3 Elias P Maponya

all of whom are independent non-executive directors"

The abbreviated curricula vitae of each of the Audit and Risk Committee members are available on pages 60 to 61 of the IAR of which this notice forms part.

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

Ordinary resolution 5:

General authority to issue shares for cash

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

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

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

c) the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 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 5 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 6:

Approval of the share incentive scheme

"Resolved that, in accordance with Schedule 14 of the JSE Listings Requirements, the Company hereby approves the adoption of the Exemplar share incentive scheme (Share Scheme), a copy of which is attached to these resolutions as Annexure A, and all actions required to be taken by the Company in terms of the Share Scheme."

In order for ordinary resolution 6 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, in accordance with Schedule 14 of the JSE Listings Requirements.

Ordinary resolution 7:

Authorisation to sign documents

"Resolved that any executive director and/or the company secretary of the Company be and is hereby authorised to sign all such documents and do all such things as may be necessary or incidental to the implementation of ordinary resolutions 1 to 6, the non-binding advisory resolutions 1 to 2, and special resolutions 1 to 4, which are passed by the shareholders in accordance with and subject to the terms thereof."

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

Non-binding advisory resolutions

Non-binding advisory resolution 1:

Approval of remuneration policy

"Resolved that, by way of a non-binding advisory vote, the Company's remuneration policy, a summary of which has been presented to shareholders in the Company's IAR on pages 66 to 67, 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 67 to 68, 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."

	Frank M Berkeley R	Gregory VC Azzopardi R	Elias P Maponya R	Peter J Katzenellenbogen R	Nonyameko Mandindi R
Board					
Chair	466 400				
Other non-executive directors		349 800	349 800	349 800	349 800
Audit and Risk Committee					
Chair				106 000	
Other members	63 600		63 600		
Remuneration Committee					
Chair		63 600			
Other members	38 160			38 160	
Social and Ethics Committee					
Chair					42 400
Other members		26 500	26 500		
Total	**568 160**	**439 900**	**439 900**	**493 960**	**392 200**

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 144 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 2022 and up to the date of this notice.

Share capital of the Company:

Refer to page 82 of the IAR.

Directors' responsibility statement:

The directors, whose names appear on page 07 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.

Important dates and times

Record date for receipt of notice purposes	**Friday, 3 June 2022**
Posting date	**Tuesday, 14 June 2022**
Last day to trade in order to be eligible to vote	**Tuesday, 5 July 2022**
Record date for voting purposes	**Friday, 8 July 2022**
For administration purposes, forms of proxy to be lodged by 15h00 on	**Monday, 11 July 2022**
AGM to be held at 15h00 on	**Wednesday, 13 July 2022**
Results of AGM released on SENS on or before	**Friday, 15 July 2022**

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, 8 July 2022.

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, 11 July 2022 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 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, 11 July 2022 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 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

ANNEXURE A

THE EXEMPLAR REITAIL LIMITED SHARE PLAN 2022

1. Interpretation

1.1. In these Plan Rules, unless expressly provided otherwise or the context clearly indicates a contrary intention, the following words and expressions shall bear the following meanings (and cognate words and expressions shall bear corresponding meanings):

1.1.1. "**Act**" means the Companies Act No. 71 of 2008;

1.1.2. "**Adjustment Event**" shall have the meaning assigned thereto in clause 10.1;

1.1.3. "**Affected Transaction**" shall have the meaning assigned thereto in clause 10.1.3;

1.1.4. "**Auditors**" means the auditors for the time being of the Company;

1.1.5. "**Award**" means an Option and/or a Restricted Share Award;

1.1.6. "**Award Notice**" means the notice inviting an Eligible Employee to become a Participant as described in more detail in clause 4.4;

1.1.7. "**Board**" means the board of directors of the Company;

1.1.8. "**Business Day**" means any day other than a Saturday, Sunday or official South African public holiday;

1.1.9. "**Cash Settlement**" shall bear the meaning assigned to it in clause 1.1.29;

1.1.10. "**Company**" means Exemplar REITail Limited (registration number 2018/022591/06), a company duly incorporated and registered in accordance with the laws of the Republic of South Africa;

1.1.11. "**Eligible Employee**" means a person eligible for participation in the Plan, namely an employee of any member of the Group **[LR S14.1(a)]**;

provided no notice of a termination of employment has been given by either party;

1.1.12. "**Employees' Tax**" means employees' tax as contemplated in the Seventh Schedule to the Income Tax Act No. 58 of 1962;

1.1.13. "**Employer Company**" means the company in the Group that employs the relevant Eligible Employee;

1.1.14. "**Exercise Date**" means the date on which an Option or Restricted Share Award is exercised as contemplated in clauses 5.3 and 6.3;

1.1.15. "**Expiry Date**" means the second anniversary of the relevant Vesting Date;

1.1.16. "**Grant Date**" shall have the meaning assigned to it in clause 4.3;

1.1.17. "**Group**" means the Company and its subsidiaries;

1.1.18. "**JSE**" means the securities exchange of that name operated by the JSE Limited in terms of a licence issued under the Financial Markets Act No. 19 of 2004;

1.1.19. "**JSE Listings Requirements**" means the listings requirements of the JSE from time to time;

1.1.20. "**Option**" means an option to acquire Shares from the Company as contemplated in clause 8.1 against payment of the Option Price, in terms of and subject to the Plan Rules;

1.1.21. "**Option Price**" means the price payable upon the exercise of an Option, which shall be the thirty-day volume weighted average price per Share as at the Grant Date less a 10% (ten percent) discount; **[LR S14.1(d)(ii)]**

1.1.22. "**Participant**" means an Eligible Employee who has been granted an Award and has accepted the terms of the Award as contemplated in clause 4.5;

1.1.23. "**Plan**" means the share incentive plan in terms of which Eligible Employees may be granted Awards in terms of these Plan Rules;

1.1.24. "**Plan Rules**" means the terms of the Plan as set out in this document;

1.1.25. "**Prohibited Period**" shall have the meaning assigned thereto in paragraph 3.67 of the JSE Listings Requirements;

1.1.26. "**Remcom**" means the remuneration committee of the Company, which committee is constituted as a committee of the Board from time to time or any successor to such committee;

1.1.27. "**Restricted Share Award**" means an option to acquire Shares for no consideration, in terms of and subject to the Plan Rules;

1.1.28. "**Rights Issue**" means the offer of any Shares to all shareholders of the Company pro rata to their holdings;

1.1.29. "**Settlement**" means the acquisition of ownership of a Share by a Participant pursuant to an Award in the manner contemplated in clause 8 or the payment of a cash amount equal to the Employees' Tax payable in respect of an Award as contemplated in clause 9.2 ("**Cash Settlement**") and "**Settle**" shall be construed accordingly;

1.1.30. "**Share**" means an ordinary no par value share in the capital of the Company;

1.1.31. "**Special Dividend**" means a distribution by the Company to the extent that it is unusual as to timing and/or quantum, but excluding a capitalisation issue and excluding a distribution by the Company (whether alone or as part of a series of transactions) in excess of fifty percent of the net asset value of the Group as reflected in the latest consolidated financial statements of the Group;

1.1.32. "**Termination of Employment**" means when a person ceases to be an Eligible Employee;

1.1.33. "**Tranche**" shall bear the meaning assigned to it in clause 7.1, and:

1.1.33.1. "**First Tranche**" means the portion of an Award vesting on the third anniversary of the Grant Date;

1.1.33.2. "**Second Tranche**" means the portion of an Award vesting on the fourth anniversary of the Grant Date; and

1.1.33.3. "**Third Tranche**" means the portion of an Award vesting on the fifth anniversary of the Grant Date;

1.1.34. "**Vested Award**" means an Award or part of an Award, as the case may be, to the extent that it has vested as contemplated in clause 7;

1.1.35. "**Vesting Date**" shall have the meaning assigned to it in clause 7.1;

1.1.36. "**Unvested Award**" means an Award or part of an Award, as the case may be, to the extent that it has not yet vested as contemplated in clause 7;

1.1.37. "**Unexercised Award**" means any Vested Award which has not yet been exercised by a Participant.

1.2. In these Plan Rules, unless the context clearly indicates otherwise:

1.2.1. any gender includes the other genders, a natural person includes an artificial person and vice versa and the singular includes the plural and vice versa; and

1.2.2. any reference to any statute or code shall be to that statute or code, as amended from time to time and to any statutory substitution of that statute or code.

2. Purpose of the plan

The purpose of the Plan is to align the interests of Eligible Employees who are integral to the Group's performance with those of the shareholders of the Company and to serve as an attraction and retention mechanism in relation to such Eligible Employees.

3. Shares available for the plan

3.1. Subject to adjustment in terms of clause 10, the maximum number of Shares:

3.1.1. which may be utilised in terms of this Plan shall not exceed 30 (thirty) million Shares; and **[LR S14.1(b)]**

3.1.2. in respect of which any single Eligible Employee shall be entitled to be granted Awards pursuant to this Plan shall not exceed 10 (ten) million Shares. **[LR S14.1(c)]**

3.2. Shares which formed the subject matter of Awards which were forfeited by Participants or not issued to Participants for whatsoever reason shall revert back to the Plan and shall accordingly form part of the number of Shares which may be utilised in terms of the Plan as contemplated in clause 3.1.1. **[LR S14.3(f)]**

4. Categories and granting of awards [LR S14.1(f)]

4.1. The categories of Awards which may be granted under this Plan are Restricted Share Awards and Options.

4.2. The Remcom shall from time to time request the executive directors of the Company to nominate Eligible Employees for participation in the Plan, which nomination shall include a recommendation as to the category(ies) of Award to be granted as well as the number of Shares forming the subject matter of the Award, taking into account performance, value to the Group, longevity of service, retention requirements and market benchmarks.

4.3. The Remcom shall have the final authority to decide which Eligible Employees will be granted Awards, the categories of Awards to be granted and the number of Shares forming the subject matter of the Award and shall communicate their decision and the date of the decision, which date shall constitute the "**Grant Date**", to the Company.

4.4. The Company shall issue an Award Notice and provide a copy of these Plan Rules to each Eligible Employee who shall be granted an Award as notified by the Remcom in terms of clause 4.3. The Award Notice shall inform the relevant Eligible Employee of the grant of the Award and shall set out: **[LR S14.1(d)(i)]**

4.4.1. the name of the Eligible Employee;

4.4.2. to what extent the Award comprises of Options and/or Restricted Share Awards and the number of Shares forming the subject matter of the Award;

4.4.3. the Grant Date;

4.4.4. the Vesting Dates and forfeiture provisions as set out in clause 7;

4.4.5. the manner in terms of which an Option may be exercised, the Option Price payable upon the exercise of an Option, and the bank account details to which the Option Price shall be paid;

4.4.6. the manner in terms of which a Restricted Share Award may be exercised;

4.4.7. the Expiry Dates;

4.4.8. the time period within which the Award shall be accepted which shall be no later than 10 (ten) Business Days after the Grant Date;

4.4.9. that the acceptance of an Award is subject to the Eligible Employee accepting the Plan Rules read together with the Award Notice upon which the Eligible Employee becomes a Participant; and

4.4.10. any other terms and conditions set out in these Plan Rules and such other information as is contemplated in section 97 of the Act.

4.5. An Eligible Employee wishing to accept an Award shall do so by accepting the terms of this Plan read together with the Award Notice by counter-signing the Award Notice and returning same to the Company by no later than the period for acceptance specified in the Award Notice failing which the Award shall lapse.

5. Options

5.1. Subject to these Plan Rules, an Option entitles a Participant to acquire the Shares forming the subject matter of the Option, in Tranches on or after each Vesting Date but prior to the relevant Expiry Date, against payment of the Option Price.

5.2. An Option may be exercised in respect of a Vested Award, in whole or in part, at any time from and including the relevant Vesting Date up to and excluding the relevant Expiry Date.

5.3. An Option shall be exercised by the Participant giving written notice to such effect and making payment of the Option Price to the Company. The Company shall procure the Settlement of an Option which has been exercised as aforesaid and in respect of which payment of the Option Price has been received by the Company, in the manner contemplated in clause 8.

6. Restricted share awards

6.1. Subject to these Plan Rules, a Restricted Share Award entitles a Participant to acquire the Shares forming the subject matter of the Restricted Share Award, in Tranches on or after each Vesting Date, for no consideration.

6.2. A Restricted Share Award may be exercised in respect of a Vested Award, in whole or in part, at any time from and including the relevant Vesting Date up to and excluding the relevant Expiry Date.

6.3. A Restricted Share Award shall be exercised by the Participant giving written notice to such effect to the Company. The Company shall procure the Settlement of a Restricted Share Award which has been exercised as aforesaid in the manner contemplated in clause 8.

7. Vesting and forfeiture of awards

7.1. An Award shall vest in respect of one-third each of the Shares forming the subject matter of the Award (each constituting a "**Tranche**"), on the third, fourth and fifth anniversary of the Grant Date (each constituting a "**Vesting Date**") provided that the Participant remains an Eligible Employee as at such Vesting Date and provided that it has not been forfeited in accordance with the remaining provisions of this clause 7 or clause 10.

7.2. Subject to clause 7.3, in the event of a Participant ceasing to be an Eligible Employee for whatsoever reason, the Participant shall immediately forfeit all Unexercised Awards and/or all Unvested Awards and shall have no further rights or entitlements in respect of such Unexercised Awards and/or Unvested Awards.

7.3. In the event of a Termination of Employment as a result of death, injury, ill-health or disability as certified by a qualified medical practitioner nominated by the Company and determined to the satisfaction of the Remcom, no Unexercised Awards shall be forfeited and the Vesting Date of a proportionate number of the Unvested Awards shall be accelerated to the day before the date of Termination of Employment. The proportionate number of the Unvested Award which shall vest on the accelerated Vesting Date shall be determined separately in relation to each Tranche by: **[LR S14.1(h)]**

7.3.1. determining a percentage, being the number of completed months from the Grant Date up to the date of Termination of Employment over the number 36 (thirty six) in relation to the First Tranche, 48 (forty eight) in relation to the Second Tranche or 60 (sixty) in relation to the Third Tranche, as the case may be; and

7.3.2. multiplying the number of Shares forming the subject matter of the relevant Tranche with the percentage contemplated in clause 7.3.1,

with the result rounded to the nearest whole number.

7.4. Where the executive directors are of the opinion that performance of a Participant and/or the Group has been poor, they may recommend to the Remcom that Unvested Awards will no longer be capable of vesting and will accordingly be forfeited, either partially or entirely, which the Remcom may in its absolute, sole and unfettered discretion approve or deny. Should the Remcom approve such a forfeiture, the relevant Unvested Awards shall immediately be forfeited, and the relevant Participants shall have no further rights or entitlements in respect of such Unvested Awards. Where the Remcom approves such a forfeiture partially, each Tranche of Unvested Awards shall be reduced pro rata.

7.5. Where the executive directors are of the opinion that performance of a Participant and/or the Group has been exceptional, they may recommend to the Remcom that the number of Shares forming the subject matter of Unvested Awards be increased to a number not exceeding the number of Shares prior to such adjustment multiplied by 2 (two) (for example, if the number of Shares prior to such adjustment was fifty, it may be increased by a maximum of a further fifty Shares resulting in the total Shares forming the subject matter of the Unvested Award constituting one hundred Shares). The Remcom may in its absolute, sole and unfettered discretion approve or deny such an increase. Should the Remcom approve such an increase, each Tranche of Unvested Awards shall be increased pro rata. For the avoidance of doubt, these Plan Rules, shall apply *mutatis mutandis* to such additional number of Shares forming the subject matter of Awards.

7.6. If the Company is placed in business rescue or liquidation, then this Plan shall ipso facto lapse as from the date of business rescue or liquidation and any Award which has not been Settled shall ipso facto lapse from that date. For the purposes hereof, "date of business rescue or liquidation" shall mean the date upon which any application (whether provisional or final) for the business rescue or liquidation of the Company is lodged at the relevant court.

7.7. Notwithstanding anything to the contrary in these Plan Rules, the Vesting Date and/or Settlement of any Awards in terms of these Plan Rules shall be suspended pending the final determination of any disciplinary or poor performance procedures which may be instituted against any Participant. In the event of a Termination of Employment following such procedures, the date of Termination of Employment shall be deemed to be the date when the disciplinary or poor performance procedures were first instituted. In the event that there is no Termination of Employment following such procedures, the Vesting Date and/or Settlement of any such Awards will occur as if there was no suspension in terms of this clause 7.7.

8. Settlement of awards

8.1. Subject to the Act, the JSE Listings Requirements and clause 8.6, the Company shall procure the acquisition of ownership of Shares by the Participants pursuant to Awards as contemplated in clauses 5.3 and 6.3 as soon as is reasonably possible but no later than 30 (thirty) days after the Exercise Date, by either:

8.1.1. issuing the Shares to the Participant; or

8.1.2. procuring the transfer of treasury Shares to the Participant; or

8.1.3. purchasing Shares in the market in order to satisfy the Company's obligations under the Plan.

8.2. Shares may only be purchased to satisfy the Company's obligations in terms of the Plan, once a Participant or group of Participants to whom they have been allocated has been formally identified. For the avoidance of doubt, Shares shall only be issued in terms of the Plan in respect of Vested Awards which therefore relate to an identified Participant. **[LR S14.9(c)]**

8.3. The Company shall ensure compliance on a *mutatis mutandis* basis with paragraphs 3.63 to 3.74 (director dealings) of the JSE Listings Requirements in terms of dealings by the Company involving Shares relating to this Plan. **[LR S14.9(d)]**

8.4. The Company may not purchase Shares during a Prohibited Period unless it has in place a purchase programme where the dates and quantities of Shares to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the Prohibited Period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's Shares independently of, and uninfluenced by, the Company, prior to the commencement of the Prohibited Period to execute the purchase programme submitted to the JSE. In the event that a purchase was made during a Prohibited Period through such a purchase programme an announcement must be made pursuant to paragraph 14.9(d) of Schedule 14 to the JSE Listings Requirements which must include a statement confirming that the purchase was put in place pursuant to a purchase programme prior to the Prohibited Period in accordance with the JSE Listings Requirements. **[LR S14.9(e)]**

8.5. For the avoidance of any doubt, any treasury Shares held by the Group for purposes of the Plan will not have their votes at general or annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements. Such Shares will also not be taken into account for purposes of determining categorisations as detailed in section 9 of the JSE Listings Requirements. **[LR S14.10, S14.1(e)]**

8.6. If the Settlement in accordance with this clause 8 would otherwise:

8.6.1. occur during a Prohibited Period;

8.6.2. be in contravention of any code adopted by the Company relating to dealings in Shares by directors; or

8.6.3. be prohibited by insider trading legislation or any other legislation or the JSE Listings Requirements,

the Settlement shall be delayed until the first Business Day following the expiry of such event. **[LR S14.9(e)]**

8.7. Shares acquired by Participants in terms of the Plan shall be dematerialised and listed on the JSE. The Company shall procure such electronic transactions and/or entries and shall deliver to the Participant such documents (if any) as may be required to reflect his rights in and to such Shares. The Participant shall have sole responsibility of ensuring that he has arranged a brokerage account to reflect his ownership of the Shares and no issue or transfer of Shares in Settlement of an Award shall take place until such time as the Participant has provided the relevant account details to the Company.

8.8. A Participant shall have no ownership interest in a Share prior to the date of acquisition of ownership of the Share in terms of this clause 8 and in particular shall not be entitled to participate in any distributions and/or exercise any voting rights attached to the Shares or transfer, encumber or otherwise transact in or deal with the Shares prior to the acquisition of ownership of the Shares in terms of the Plan Rules. **[LR S14.1(e)]**

9. Tax

9.1. For the avoidance of any doubt, the Company and/or Employer Company shall withhold any taxes legally required to be withheld by them in respect of the Plan and the acquisition of any Awards and/or Shares in terms thereof and shall pay such taxes to the South African Revenue Service or any other relevant revenue authority as required by law.

9.2. Upon request of a Participant upon the exercise of an Option or Restricted Share Award, the Company may, in its sole discretion, Settle such portion of the relevant Award by way of a cash payment equal to the Employees' Tax payable in respect of such Tranche. The number of Shares in respect of which the Participant shall acquire ownership after taking into account the Cash Settled portion, shall be determined by deducting from the total number of Shares to be Settled such number of Shares as is determined by dividing the amount of the Employees' Tax payable by the last sale price of a Share at close of business of the JSE on the last Business Day before the Settlement Date, unless there is a higher bid or lower offer on that day subsequent to the last sale in which case the price of that higher bid or lower offer will prevail, and rounding same to the nearest whole number.

9.3. A Participant agrees to indemnify the Company and/or Employer Company against any tax (including, without limitation, any Employees' Tax) liability or obligation incurred by the Company and/or Employer Company which relates to the liability of the Participant as a result of his participation in this Plan. For the avoidance of doubt, an Award shall not be grossed up to take into account any tax of whatever nature.

10. Adjustments

10.1. This clause 10 finds application in the event ("**Adjustment Event**") of:

10.1.1. any sub-division or consolidation of issued Shares; **[LR S14.3(a)]**

10.1.2. a Rights Issue, capitalisation issue or Special Dividend by the Company; **[LR S14.3(b)]**

10.1.3. the Company entering into or being the subject matter of an "affected transaction" as defined in section 117 of the Act ("**Affected Transaction**") (but excluding the events contemplated in clauses (iv) and (v) of the said definition), save to the extent that the Affected Transaction is a transaction only between companies forming part of the Group or in the event of a distribution by the Company (whether alone or as part of a series of transactions) in excess of fifty percent of the net asset value of the Group as reflected in the latest consolidated financial statements of the Group; **[LR S14.1(g)]**

provided that the issue of equity securities as consideration for an acquisition, the issue of securities for cash and the issue of equity securities for a vendor consideration placing will not be regarded as an Adjustment Event. [LR s14.3(c)]

10.2. In respect of Adjustment Events contemplated in clause 10.1.1, an adjustment shall be made to:

10.2.1. the number of Shares contemplated in clause 3.1.1; and

10.2.2. the number of Shares forming the subject matter of an Award,

which adjustment should give a Participant entitlement to the same proportion of equity capital as that to which he was previously entitled and result in the same proportion of equity capital being available to the Plan as was the case before the Adjustment Event.

10.3. In respect of Adjustment Events contemplated in clause 10.1.2, an adjustment shall be made to:

10.3.1. the number of Shares contemplated in clause 3.1.2; and

10.3.2. the number of Shares forming the subject matter of an Award,

which adjustment should give a Participant entitlement to the same proportion of equity capital as that to which he was previously entitled.

10.4. Any adjustment as contemplated in clauses 10.2 and 10.3 shall be in such a manner as is certified by the Auditors in their opinion to be a fair adjustment. Upon finalisation of any adjustment as contemplated in clause 10.3, the Auditors shall confirm to the JSE, in writing, that such adjustment was made in accordance with the terms of the Plan. Any such adjustment must be reported on in the Company's annual financial statements in the year during which the adjustment is made. **[LR S14.3(d) and (e)]**

10.5. In respect of Adjustment Events contemplated in clause 10.1.3, the Vesting Date of all Unvested Awards shall be accelerated to the day immediately before the date that the relevant Adjustment Event becomes unconditional. Notwithstanding the aforegoing, in the event that a replacement incentive scheme will be put in place following the relevant Adjustment Event, to the extent that the Unvested Awards will be converted into awards in terms of such a replacement incentive scheme on a basis which does not place the Participant in a materially less favourable position, all of the Unvested Awards shall be forfeited and replaced with awards in terms of the relevant replacement incentive scheme, subject to JSE and shareholder approval in the case where the Company remains listed on the JSE.

10.6. The Company shall use its reasonable endeavours to procure that Settlement of all Vested Awards (including Awards that Vests in accordance with clause 10.5) occurs by no later than the record date on which a person must be a holder of Shares in order to participate in the relevant Adjustment Event.

11. Costs

All costs of the Plan, including but not limited to the consideration for Shares acquired to Settle Awards under the Plan, the amount of any Cash Settlements and any administration or other expenses properly incurred by the Company shall be recovered by the Company from each Employer Company in such proportion as may be attributable to the participation of any of the Employer Company's Eligible Employees in the Plan, as determined by the Company.

12. Annual financial statements

The Board shall ensure that a summary appears in the annual financial statements of the Company of the number of Shares that may be utilised for purposes of the Plan at the beginning of the financial year, changes in such number during the accounting period and the balance of Shares available for utilisation for the purposes of the Plan at the end of the financial year. **[LR S14.8]**

13. JSE listings requirements and the act

The Plan Rules and any allocation of Awards and acquisition of Shares pursuant thereto are subject to the provisions of the Act and the JSE Listings Requirements.

14. Amendment of plan rules

14.1. Subject to clause 14.2, it shall be competent for the Board to amend any of the Plan Rules subject to the prior approval of the JSE, provided that no such amendment negatively affecting the rights (whether conditional or otherwise) of a Participant in respect of existing Awards may be effected without the written consent of the Participant.

14.2. No amendment affecting any of the following matters shall be competent unless it is approved by the JSE and by an ordinary resolution approved by at least 75% of the votes cast by shareholders present or represented by proxy at a general meeting (excluding all the votes attached to Shares owned or controlled by persons who are existing Participants in the Plan): **[LR S14.2]**

14.2.1. the definition of Eligible Employee;

14.2.2. the number of Shares which may be utilised for purposes of the Plan;

14.2.3. the maximum number of Shares for any one Participant;

14.2.4. the basis for determining the Option Price and the period after or during which payment of the Option Price must be made;

14.2.5. the voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, attaching to the Awards and Shares forming the subject matter of the Awards;

14.2.6. the basis upon which Awards are made as set out in clause 4 read with the rest of the Plan Rules;

14.2.7. the treatment of Awards in instances of mergers, takeovers or corporate actions; and

14.2.8. the rights of Participants who cease to be Eligible Employees, including by way of death.

15. General provisions

15.1. The rights and obligations of any Participant under the terms of his office or employment with any Employer Company shall not be affected by his participation in the Plan or any right which he may have to participate in it. The Plan shall not entitle a Participant to any right to continued employment or any additional right to compensation in consequence of the termination of his employment.

15.2. Any Award is personal to a Participant and may not be transferred to any other person or encumbered by a Participant, save in the event of death in which case the Award may be transferred to the executor of the deceased estate.

15.3. Any dispute in respect of the Plan shall be referred to the decision of the Auditors, acting as experts and not as arbitrators or, should the Auditors determine that the dispute relates to a legal matter, by such practicing attorney or advocate of no less than 10 (ten) years standing as the Auditors may determine ("**Legal Practitioner**"). The decision of the Auditors or Legal Practitioner, as the case may be, shall be final and binding on the parties to the dispute. The party to bear the costs payable in respect of any such dispute shall be as determined by the Auditors or Legal Practitioner, as the case may be. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.

15.4. The parties choose *domicilium citandi et executandi* for all purposes arising from the Plan, including the giving of any notice and the serving of any process, as follows:

15.4.1. The Company: the e-mail address set out in the Award Notice;

15.4.2. Each Participant: the e-mail address utilised by the Participant in the course of his employment with the Group or, in the event of a Termination of Employment, such alternative e-mail address as shall be provided by the Participant to the Company.

Each party may vary its *domicilium* from time to time to another e-mail address by giving written notice to the other party. All notices and processes shall be served by way of electronic mail and shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the date of successful transmission.

15.5. The Company shall procure that each Employer Company agrees in writing to be bound by the terms and conditions of this Plan.

15.6. This Plan shall terminate if the Board so resolves, provided that all Awards have been Settled or forfeited in terms of these Plan Rules and the Company has received payment in full of all amounts owed to it in terms of these Plan Rules.

Signed at ______________________ on ______________________ 2022

For and on behalf of Exemplar REITail Limited

____
Signature

____
Name

____
Designation

FORM OF PROXY

(FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY)

EXEMPLAR

Exemplar REITail Limited
(Incorporated in the Republic of South Africa)

Registration number 2018/022591/06
Approved as a REIT by the JSE
JSE share code: EXP
ISIN: ZAE000257549
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, 13 July 2022 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 _______________ *(address in block letters)*

being the holder/s of _______________ shares in the Company, do hereby appoint:

_______________ of _______________ or failing him/her,

_______________ of _______________ or failing him/her,

the Chair of the AGM,

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

RESOLUTIONS	FOR*	AGAINST*	ABSTAIN*
ORDINARY RESOLUTIONS			
Ordinary resolution 1: Approval of director appointed by the board:			
1.1 Nonyameko Mandindi			
Ordinary resolution 2: Re-election of directors retiring by rotation:			
2.1 Duncan A Church			
2.2 Nonyameko Mandindi			
2.3 Gregory VC Azzopardi			
Ordinary resolution 3: Re-appointment of external auditor			
Ordinary resolution 4: Re-appointment of members of the Audit and Risk Committee:			
3.1 Peter J Katzenellenbogen			
3.2 Frank M Berkeley			
3.3 Elias P Maponya			
Ordinary resolution 5: General authority to issue shares for cash			
Ordinary resolution 6: Approval of the share incentive scheme			
Ordinary resolution 7: Authorisation to sign documents			
NON-BINDING ADVISORY RESOLUTIONS			
Non-binding advisory resolution 1: Approval of remuneration policy			
Non-binding advisory resolution 2: Approval of remuneration implementation report			
SPECIAL RESOLUTIONS			
Special resolution 1: Approval of fees payable to non-executive directors			
Special resolution 2: General authority to repurchase shares			
Special resolution 3: Financial assistance 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 _______________ 2022

Full name(s) and capacity _______________

Signature _______________

Assisted by (where applicable) _______________

Please read the notes to the form of proxy overleaf.

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 (Pty) Ltd, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or emailed to proxy@computershare.co.za, by 15h00 on Monday, 11 July 2022.
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 (Pty) Ltd:

Hand deliveries to:
Rosebank Towers
15 Biermann Avenue
Rosebank
2196
South Africa

Postal deliveries to:
Computershare Investor Services (Pty) Ltd
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, 11 July 2022.

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.

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
ESG	Environmental, social and governance
Exemplar or the Company	Exemplar REITail Limited
FY2021	Financial year ended 28 February 2021
FY2022	Financial year ended 28 February 2022
FY2023	Financial year ending 28 February 2023
GLA	Gross lettable area
Group	Exemplar and its subsidiaries
HR	Human resources
IAR	Integrated annual report
IFRS	International Financial Reporting Standards
International <IR> Framework	The International Integrated Reporting Framework of the International Integrated Reporting Council
JIBAR	Johannesburg Interbank Acceptance Rate
JSE	JSE Limited
JSE Listings Requirements	JSE Limited Listings Requirements
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
LTI	Long-term incentive
LTV	Loan-to-value ratio
MPD	McCormick Property Development (Pty) Ltd
NAV	Net asset value
NTAV	Net tangible asset value
PV	Photovoltaic
REIT	Real estate investment trust
Remco or Remuneration Committee	The remuneration committee of the Company being a committee of the Exemplar board
SASRIA	South African special Risks Insurance Association
SENS	Stock Exchange News Service of the JSE
STI	Short-term incentive
Social and Ethics Committee	The social and ethics committee, being a committee of the Exemplar board

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 BA(Hons), LLB, LLM
+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
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ISIN: ZAE000257549
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EXEMPLAR