



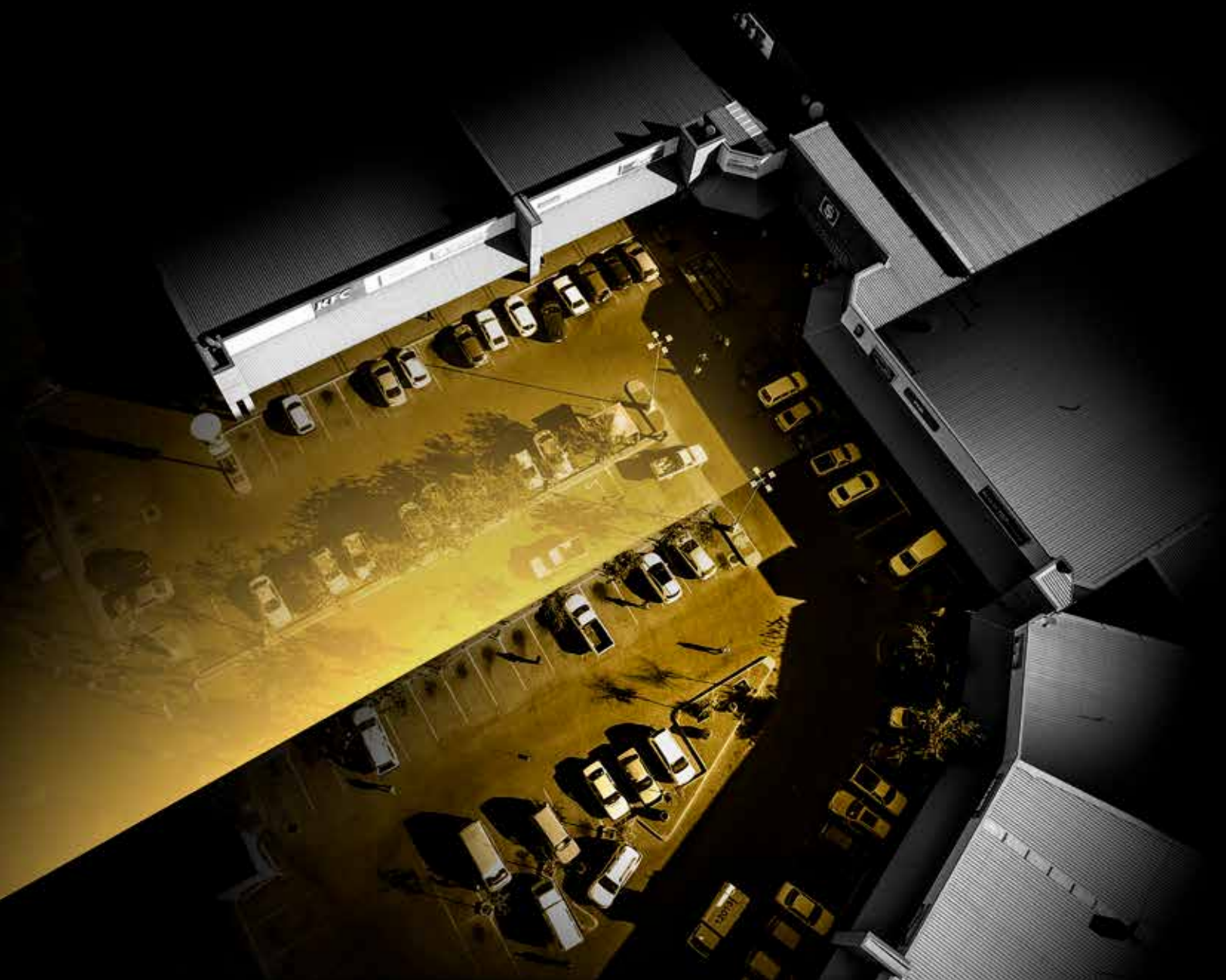
EXEMPLAR

RESULTS
ANNOUNCEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2019



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

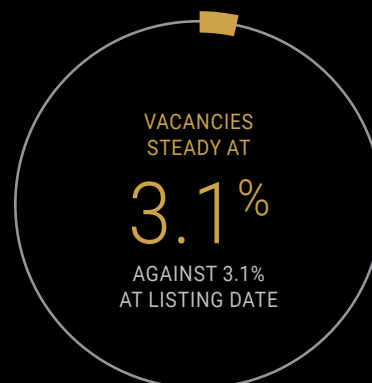
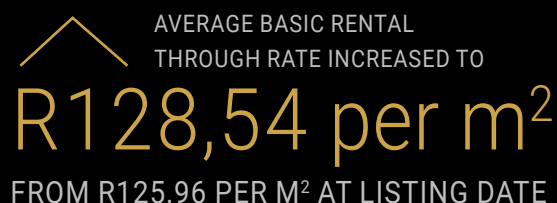
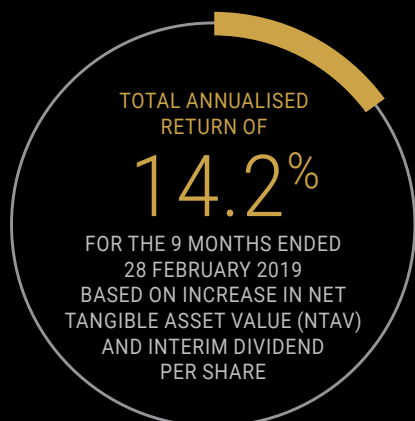


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SUMMARISED AUDITED CONSOLIDATED RESULTS AND CASH DIVIDEND DECLARATION FOR THE 9 MONTHS ENDED 28 FEBRUARY 2019

HIGHLIGHTS



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

TOTAL DIVIDEND
FOR THE 9 MONTHS ENDED 28 FEBRUARY 2019 OF

61.84 cents per share

which is ahead of the prospectus forecast of 61.37 cents per share

NTAV PER SHARE
INCREASED BY:

8.7%

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



SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

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

Reconciliation between earnings and headline earnings

R'000	Audited for the 9 months ended 28 Feb 2019	Forecast for the 9 months ended 28 Feb 2019
Profit for the year attributable to equity holders of Exemplar	335,937	191,585
Fair value adjustment to investment properties	(161,697)	37,770
Non-controlling interest in fair value adjustment to investment properties	27,338	-
Headline earnings	201,578	229,355

*Extracted from the Company's forecast issued 30 May 2018

Number of shares in issue	305,871,896	319,739,136
Weighted average number of shares in issue	233,247,311	311,897,484
Basic and diluted earnings per share (cents)	144.03	61.43
Headline and diluted headline earnings per share (cents)	86.42	73.54

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Audited for the 9 months ended 28 February 2019			
	Stated capital	Retained earnings	Non-controlling interest	Total
Share issue for cash	1,889	-	-	1,889
Shares issued to share scheme	42,551	-	-	42,551
Issue of shares on listing for acquisitions	3,024,339	-	-	3,024,339
Share issue expenses	(21,964)	-	-	(21,964)
Shares to be issued for acquisitions	138,672	-	-	138,672
Non-controlling interest on acquisition of assets	-	-	112,437	112,437
Profit for the 9 months ended 28 February 2019	-	335,937	35,355	371,292
Dividends declared and paid	-	(58,422)	(1,672)	(60,094)
Balance at 28 February 2019	3,185,487	277,515	146,120	3,609,122



SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Audited for the 9 months ended 28 Feb 2019
Cash generated from operations	304,172
Interest income	5,768
Finance costs	(124,189)
Dividends paid	(60,093)
Cash inflow from operating activities	125,658
Additions to investment property	(52,608)
Additions to property, plant and equipment	(347)
Decrease in loans receivable	36,175
Cash outflow to investing activities	(16,780)
Proceeds from the issue of shares - at incorporation	1,889
Proceeds from the issue of shares - acquisitions	124,964
Share issue expenses	(21,964)
Decrease in financial liabilities	(150,914)
Cash outflow to financing activities	(46,025)
Net decrease in cash and cash equivalents	62,853
Cash and cash equivalents at beginning of the year	-
Cash and cash equivalents at end of the year	62,853



INTRODUCTION

Exemplar was incorporated as a public Company on 17 January 2018 and listed on the main board of the JSE on 12 June 2018 in the "Retail REITs" sector. It holds a portfolio of 20 income generating properties with a total gross lettable area ("GLA") of 331 388 m² that were acquired in a sequence of transactions with an effective date of 1 June 2018. The properties were all developed by the Company's biggest shareholder, McCormick Property Development (Pty) Ltd ("MPD"). MPD continues to develop its significant pipeline of green fields projects which, if disposed of by MPD, will be offered to Exemplar on a right of first refusal basis. This access to a pipeline of value and yield enhancing properties is a key differentiator for Exemplar and will contribute to the Company's objective of growing its base of quality assets, earnings and distributions, thereby improving shareholder value. In addition to the MPD pipeline, Exemplar is currently and will continue to investigate the acquisition of good quality properties.

TRADING RESULTS

Prior to 1 June 2018 Exemplar was not trading and hence this announcement reflects its trading results for the 9 months ended 28 February 2019. As this is the first period of trading, no comparative information has been presented.

Total distributable income for the period before antecedent adjustments amounted to R192,4 million versus a forecast of R191,6 million. The marginal outperformance of the forecast belies the undeniably difficult trading conditions for retailers and in turn landlords, which often translates into lower escalations on renewal, or in some instances rental reductions to assist distressed tenants. Rental and recovery income of R504,2 million is R5,9 million less than that forecast of R510,1 million. Of this difference R3,0 million relates directly to lower than forecast rental income and the balance of R2,9 million is a consequence of lower than forecast recovery income. The lower than forecast rental and recovery income has been offset in the main by lower than forecast property operating expenses which at R175,4 million are R5,3 million less than those forecast. Expense to property income ratio on a gross basis was 34,8% versus forecast of 35,4%.

Many tenants continue to trade well, both relative to the market and in absolute terms. Trading densities of the national grocer tenants averaged R3 533 per m² per month across the portfolio during the period under review. The average rental through rate of the portfolio at the reporting date on a one year forward basis is R128,54 per m² compared to R125,96 per m² at listing.

The board of directors ("the board") has declared a final dividend of 42,74 cents per share which together with the interim dividend of 19,10 cents per share equates to a total dividend of 61,84 cents per share for the 9 months ended 28 February 2019. The dividend forecast for the period was 61,37 cents per share.

$$\begin{array}{r}
 \text{FINAL } 42,74 \\
 \text{DIVIDEND CENTS} \\
 + \\
 \text{INTERIM } 19,10 \\
 \text{DIVIDEND CENTS} \\
 \hline
 = 61,84 \\
 \text{CENTS PER SHARE}
 \end{array}$$

VACANCIES AND ARREARS

Vacancies at the reporting date were 3,1% which is consistent with the vacancies at listing. The vacancy rate would have improved marginally had it not been for the pressures exerted on Acornhoek Mega City due to the opening of a competing centre. Acornhoek Mega City continues to trade albeit at reduced levels and the fair value of Exemplar's interest in this centre has been written-down by R27,2 million to R163,6 million.

ARREARS ACROSS THE PORTFOLIO, NET OF DEPOSITS, HAVE BEEN PROVIDED IN FULL AND AMOUNT TO

2,48%

of annualised property income.

Exemplar was incorporated as a public Company on 17 January 2018 and listed on the main board of the JSE on 12 June 2018 in the "Retail REITs" sector



THE PROPERTY PORTFOLIO

The Exemplar property portfolio comprises 20 income generating properties. At the reporting date the property portfolio is fairly valued at R5,406 billion against R5,036 billion at listing, an increase of R370 million or 7,35%.

Investment property carrying value make-up:		R'000
Investment property		5,270,795
Operating lease asset		168,351
Finance lease liability		(32,742)
		<u>5,406,404</u>

MODI MALL AND KWAGGA MALL REDEVELOPMENTS

During the period the Modi Mall and Kwagga Mall redevelopments were completed and delivered to the Company on 1 November 2018 and 1 December 2018 respectively thereby adding 17 176 m² to the GLA of the portfolio. In terms of the exchange agreements in this regard, the consideration shares, being 13 867 240 shares in Exemplar, rank for distribution from the date that the redevelopments were delivered to Exemplar, which was also the date that Exemplar was entitled to the income from the redevelopments. The consideration shares themselves were however only issued in March 2019 when all conditions of the exchange agreements were fulfilled and consequently these shares reflect as "Shares to be issued" in the summarised consolidated statement of changes in equity above.

NEW DEVELOPMENTS

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



BORROWINGS AND INTEREST RATE HEDGING

Total facilities available to the Company at the reporting date amounted to R2,280 billion of which R1,7 billion had been utilised. R380 million of the total facilities is earmarked for the cash components of the acquisitions of Katale Square, Mabopane Square and Riba Cross Mall. R200 million of the total facilities are structured as a revolving credit facility against which surplus funds are deposited such that as at the reporting date the revolving credit facility was unutilised. The loan terms are 3, 4 and 5 years expiring in 2021, 2022 and 2023. The loan to value ratio, measured as financial liabilities net of cash over investment property, was 30,9% at the reporting date. The Company's weighted average cost of borrowing is 3-month JIBAR plus 1.86% excluding the amortisation of hedging costs and participation fees.

THE COMPANY HAS ENTERED INTO THE FOLLOWING SEQUENCE OF COLLAR AND CAP TRANSACTIONS TO HEDGE ITS INTEREST RATE EXPOSURE:

	Fixed rate payer	Floating rate payer	Cap/Floor rate (3m JIBAR)	Notional
Interest rate cap	Exemplar	Counterparty	7.25%	R1,1 billion
Interest rate cap	Counterparty	Exemplar	8.75%	R1,1 billion
Interest rate collar	Exemplar	Counterparty	7.00%	R1,1 billion
Interest rate cap	Exemplar	Counterparty	7.25%	R600 million
Interest rate cap	Counterparty	Exemplar	8.00%	R600 million
Interest rate collar	Exemplar	Counterparty	7.00%	R600 million

The arrangements terminate on 4 October 2021. The effect of the hedging arrangements is that the Company has no interest rate exposure on R1,7 billion of its nominal debt should 3-month JIBAR fluctuate between 7.25% and 8.00%, and no exposure on R1,1 billion of its nominal debt should 3-month JIBAR fluctuate between 8.00% and 8.75%. The Company has foregone any upside should 3-month JIBAR trade below 7.00%.

TOTAL FACILITIES
available to the Company at the
reporting date amounted to

R2,280 billion OF WHICH
R1,7 billion
HAD BEEN UTILISED

SEGMENT ANALYSIS AND RECONCILIATION TO DISTRIBUTABLE INCOME

SEGMENT ANALYSIS

R'000	Revenue	Profit / (loss) from operations	Investment property	GLA (m ²)
Gauteng	220,526	153,465	2,399,000	124,103
Mpumalanga	121,197	80,654	1,298,825	81,136
KwaZulu Natal	81,006	48,308	753,000	59,135
Limpopo	77,447	51,338	778,579	53,417
Eastern Cape	17,255	9,414	177,000	13,597
Exemplar H/O		(12,620)	-	-
Total	517,431	330,559	5,406,404	331,388

RECONCILIATION BETWEEN EARNINGS AND DISTRIBUTABLE INCOME

R'000	Audited for the 9 months ended 28 Feb 2019	Forecast for the 9 months ended 28 Feb 2019
Profit for the 9 months attributable to equity holders of Exemplar	335,937	191,585
Fair value adjustment to investment properties	(161,697)	37,770
Non-controlling interest in fair value adjustment to investment properties	27,338	-
Fair value adjustment to derivative financial instruments	3,643	-
Straight-line lease income adjustments	(13,191)	(37,770)
Non-controlling interest in straight-line lease income adjustments	1,509	-
Deferred tax movement	(1,100)	-
Antecedent adjustment	2,650	4,641
Distributable income	195,089	196,226
Number of shares in issue	305,871,896	319,739,136
Number of shares ranking for distribution	319,739,136	319,739,136
Distributable income per share (cents)	61.84	61.37
Distributable income for the year (R'000)	195,089	196,226
Interim dividend paid (R'000)	(58,422)	-
Dividend per share (cents)	19.10	-
Number of shares	305,871,896	305,871,896
Final dividend (R'000)	136,668	196,224
Dividend per share (cents)	42.74	61.37
Number of shares	319,739,136	319,739,136
Dividend per share for the 9 months (cents)	61.84	61.37

PROSPECTS

Exemplar remains poised for growth due to its strategic relationship with MPD which has a development pipeline of several hundred thousand square meters of GLA. As mentioned, Katale Square and Mabopane Square currently being developed by MPD and already agreed to be acquired by Exemplar, are due for opening on 27 June 2019 and 31 October 2019 respectively. The purchase prices, due to be settled on completion, are as follows:

	No of Exemplar shares	Cash
Katale Square	1,418,000	R95,820,000
Mabopane Square	4,460,730	R132,392,700
	5,878,730	R228,212,700

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

FORECAST

The board is of the view that the actual results for the year ending 29 February 2020 will not differ materially from the forecast presented in Exemplar’s Prospectus.

As indicated in the Prospectus this view assumes no material deterioration in the macroeconomic environment relative to current levels, that no major corporate failures will occur and that tenants will be able to absorb increases in municipal and utility costs. Forecast rental income is based on contractual lease terms and anticipated market related renewals.

CAPITAL RAISING ACTIVITIES

Despite the relatively low gearing levels and cost of debt, the board is desirous of raising equity capital to enhance the Company’s ability for acquisitions as well as improve liquidity in the Exemplar share and intends approaching the equity capital markets during the current financial year. The Company will not raise equity capital at pricing levels that are detrimental to the Company and existing Exemplar shareholders.

DIVIDEND DECLARATION

Dividend number 2 of 42.74348 cents per share for the six months ended 28 February 2019 will be paid to shareholders in accordance with the timetable set out below:

Last date to trade cum dividend

Tuesday, 11 June 2019

Shares trade ex-dividend

Wednesday, 12 June 2019

Record date

Friday, 14 June 2019

Payment date

Tuesday, 18 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 June 2019 and Friday, 14 June 2019, both days inclusive. The dividend will be transferred to dematerialised shareholders' CSDP/broker accounts on Tuesday, 18 June 2019. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Tuesday, 18 June 2019.

In accordance with Exemplar's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"). The dividend on the shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. This dividend is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that such shareholders

Exemplar will continue to seek other acquisitions to enhance the value of our assets through our experienced and dedicated property management team.

provide the following forms to their Central Securities Depository Participant ("CSDP") or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a a declaration that the dividend is exempt from dividends tax; and
- b a written undertaking to inform the CSDP, broker or the Company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is

reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 34.19478 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- b a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shares in issue at the date of declaration date of the dividend: 319 739 136

Exemplar income tax reference number: 4860281965



BASIS OF PREPARATION

These audited summarised consolidated results for the financial year ended 28 February 2019 ("the results") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Financial Reporting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa, No 71 of 2008. The accounting policies applied in the preparation of the results are in accordance with IFRS and are consistent with those applied in the preparation of the forecast statements of comprehensive income and the *pro forma* statement of financial position reflected in the Company's prospectus issued on 30 May 2018.

The results were prepared under the supervision of the Chief Financial Officer, DA Church CA(SA). They have been extracted from the group's consolidated annual financial statements which have been audited by the Company's independent auditors, BDO South Africa Inc, but this results announcement itself has not been audited. The independent auditors have expressed an unmodified opinion on the group's consolidated annual financial statements. A copy of the group annual financial statements incorporating the audit opinion is available at the Company's registered office.

The directors are not aware of any matters or circumstances arising subsequent to 28 February 2019 that would require any disclosure or adjustment to the results, other than as disclosed in this announcement. The directors further take full responsibility for the preparation of this results announcement and for ensuring that the financial information has been correctly extracted from the underlying audited financial statements.

FOR AND ON BEHALF OF THE BOARD

Exemplar REITail Limited
23 May 2019

EXECUTIVE DIRECTORS

Jason McCormick (CEO)
DA Church (CFO)
John McCormick (Executive director)

INDEPENDENT NON-EXECUTIVE DIRECTORS

FM Berkeley (Chairman)
PJ Katzenellenbogen (Lead)
GVC Azzopardi
EP Maponya

COMPANY SECRETARY

A Booysen BA(Hons) LLB

REGISTERED OFFICE

Sokatumi Estate
Cnr Lyttelton Road and Leyden Avenue
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Centurion
0157

PO Box 12169

Clubview
0014

TRANSFER SECRETARIES

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Rosebank
Johannesburg
2196

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Marshalltown
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AUDITOR

BDO South Africa Inc

SPONSOR

Java Capital









EXEMPLAR

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



EXEMPLAR REITAIL LIMITED

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