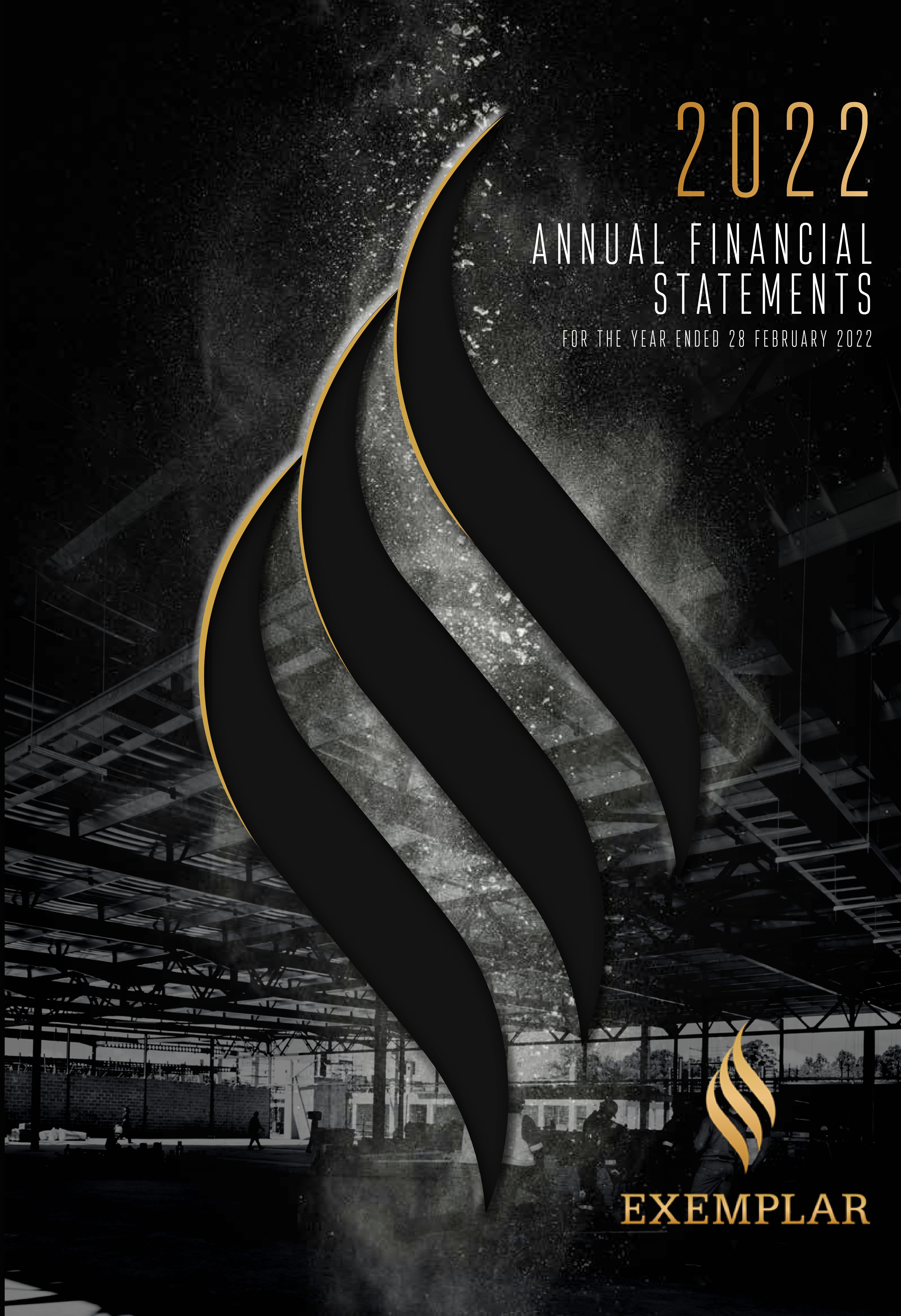
2022

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022



EXEMPLAR

EXEMPLAR

EXEMPLAR REITAIL LIMITED
Sokatumi Estate
Corner Lyttelton Road and
Leyden Avenue
Clubview, Centurion, 0157
012 660 3020

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Exemplar-REITail

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 09 to 11.

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 12 to 63, 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 12 to 63, 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.

Directors	Beneficially held 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.

Associates	Beneficially held by the associate Directly	Indirectly	Total	%	JMFT interest in the associate %	Number of shares subject to security, guarantee, collateral or otherwise 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 12 to 63, 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 12 to 63, 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

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

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

	Notes	Group 2022 R	Group 2021 R	Company 2022 R	Company 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)

Non-executive	2022 Directors' fees	2022 Total	2021 Directors' fees	2021 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 2022 R	Group 2021 R	Company 2022 R	Company 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 2022 R	Group 2021 R	Company 2022 R	Company 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		Company	
	2022 R	2021 R	**2022 R**	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		Company	
	2022 R	2021 R	**2022 R**	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

		Group		
Categories of financial assets	Notes	**Fair value through profit or loss R**	**Amortised cost R**	**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**

		Group		
Categories of financial liabilities	Notes	Fair value through profit or loss R	Amortised cost R	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)

		Company		
Gains and losses on financial liabilities	Notes	**Fair value through profit or loss R**	**Amortised cost R**	**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.

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	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 m²	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