



EXEMPLAR



UNAUDITED
INTERIM RESULTS

FOR THE 6 MONTHS ENDED 31 AUGUST 2019

EXEMPLAR
RETAIL LIMITED

(Incorporated in the
Republic of South Africa)
(Registration number
2018/022591/06)
JSE share code EXP
ISIN : ZAE000257549

Approved as a REIT
by the JSE
("Exemplar" or
"the Company")

Distribution for
the period of

43.77
cents per share



an increase of
14.6%
on the annualised
corresponding period

Net asset value per
share increased by

6.9%
from 31 August 2018
to 31 August 2019

Annualised distribution growth of

10% - 11%
expected for the year ending 29 February 2020

HIGHLIGHTS

81.4%
tenant retention



Average
escalation of

6.82%
on renewals and
new tenants

Arrears have
improved to

1.06%
of annualised
property income
from 2.48% at
28 February 2019



EXEMPLAR

**CONDENSED CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION**

	UNAUDITED AS AT 31 AUG 2019 R'000	UNAUDITED AS AT 31 AUG 2018 R'000	AUDITED AS AT 28 FEB 2019 R'000
Non-current assets	5 644 342	5 122 790	5 439 942
Investment property	5 474 072	4 962 830	5 270 795
Operating lease asset	169 180	159 434	168 351
Property, plant and equipment	1 090	526	796
Current assets	429 894	191 748	154 964
Loans receivable	333 088	81 447	44 400
Cash and cash equivalents	49 808	74 525	62 853
Trade and other receivables	46 998	35 776	47 711
TOTAL ASSETS	6 074 236	5 314 538	5 594 906
Total equity	3 720 514	3 295 075	3 609 122
Shareholders' interest	3 564 513	3 171 028	3 463 002
Stated capital	3 204 861	3 055 290	3 185 487
Retained earnings	359 652	115 738	277 515
Non-controlling interest	156 001	124 047	146 120
Non-current liabilities	2 195 265	1 864 855	1 824 079
Financial liabilities	2 065 179	1 781 045	1 695 459
Derivative financial instruments	4 503	-	3 643
Finance lease liabilities	30 610	-	30 174
Deferred taxation	94 973	83 810	94 803
Current liabilities	158 457	154 608	161 705
Trade and other payables	155 764	154 608	159 136
Finance lease liabilities	2 693	-	2 569
TOTAL EQUITY AND LIABILITIES	6 074 236	5 314 538	5 594 906
Shares in issue	319 739 136	305 871 896	305 871 896
Shares to be issued	1 812 327	-	13 867 240
Total number of shares	321 551 463	305 871 896	319 739 136
Net asset value per share (Rand)	11,09	10,37	10,83
Net tangible asset value per share (Rand)	11,09	10,37	10,83
Net asset value per share (excluding deferred tax) (Rand)	11,38	10,64	11,13
Net tangible asset value per share (excluding deferred tax) (Rand)	11,38	10,64	11,13

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED FOR THE 6 MONTHS ENDED 31 AUG 2019	* UNAUDITED FOR THE 3 MONTHS ENDED 31 AUG 2018	AUDITED FOR THE 9 MONTHS ENDED 28 FEB 2019
	R'000	R'000	R'000
Property portfolio	359 279	166 724	517 431
Rental and recovery income	358 449	162 448	504 239
Straight-line lease income adjustments	830	4 276	13 192
Property operating expenses	(126 367)	(59 593)	(175 410)
Net rental and related income	232 912	107 131	342 021
Other income	5 848	2 725	9 282
Administrative expenses and corporate costs	(15 648)	(6 853)	(20 744)
Profit from operations	223 112	103 003	330 559
Interest income	12 255	2 369	5 768
Finance costs	(89 105)	(41 018)	(124 189)
Profit before fair value adjustments	146 262	64 354	212 138
Fair value adjustments on derivative financial instruments	(860)	-	(3 643)
Fair value adjustments on investment property	85 638	58 584	161 697
Profit before taxation	231 040	122 938	370 192
Taxation	(170)	-	1 100
Total profit for the period	230 870	122 938	371 292
Total profit attributable to:			
Equity holders of Exemplar	216 154	115 738	335 937
Non-controlling interests	14 716	7 200	35 355
Total profit for the period	230 870	122 938	371 292

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS

Profit for the year attributable to equity holders of Exemplar	216 154	115 738	335 937
Change in fair values of investment properties	(85 638)	(58 584)	(161 697)
Non-controlling interest in fair value adjustment	8 166	4 776	27 338
Headline earnings	138 682	61 930	201 578

Number of shares in issue	319 739 136	305 871 896	305 871 896
Number of shares to be issued	1 812 327	-	13 867 240
Total number of shares	321 551 463	305 871 896	319 739 136

Weighted average number of shares in issue	320 343 245	305 871 896	233 247 311
--	-------------	-------------	-------------

Basic and diluted earnings per share (cents)	67,48	37,84	144,03
Headline earnings per share (cents)	43,29	20,25	86,42

* The comparative period is only 3 months as the date of acquisition was 1 June 2018

**CONDENSED
CONSOLIDATED
STATEMENT OF
CHANGES IN EQUITY**

UNAUDITED FOR THE 6 MONTHS ENDED 31 AUGUST 2019

	Stated Capital	Retained Earnings	Non- Controlling Interest	Total
	R'000	R'000	R'000	R'000
Balance at 17 January 2018	-	-	-	-
Issue of shares on listing	3 077 254	-	-	3 077 254
Share issue expenses	(21 964)	-	-	(21 964)
Non-controlling interest on acquisition of assets	-	-	116 847	116 847
Profit for the period	-	115 738	7 200	122 938
Unaudited balance at 31 August 2018	3 055 290	115 738	124 047	3 295 075
Adjustments to take on balances	(8 475)	-	(4 411)	(12 886)
Shares to be issued for acquisitions	138 672	-	-	138 672
Profit for the period	-	220 199	28 156	248 354
Dividends paid	-	(58 422)	(1 672)	(60 094)
Audited balance at 28 February 2019	3 185 487	277 515	146 120	3 609 122
Shares to be issued for acquisitions	19 374	-	-	19 374
Profit for the period	-	216 154	14 716	230 870
Dividends paid	-	(134 018)	(4 835)	(138 852)
Unaudited balance at 31 August 2019	3 204 861	359 652	156 001	3 720 513

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED FOR THE 6 MONTHS ENDED 31 AUG 2019	UNAUDITED FOR THE 3 MONTHS ENDED 31 AUG 2018	AUDITED FOR THE 9 MONTHS ENDED 28 FEB 2019
	R'000	R'000	R'000
Cash generated from operations	227 134	99 587	304 172
Interest income	5 478	2 369	5 769
Finance costs	(89 105)	(41 018)	(124 189)
Dividends paid	(138 852)	-	(60 094)
Net cash inflow from operating activities	4 655	60 938	125 658
Additions to investment property	(98 223)	(1 353)	(52 608)
Purchase of property, plant and equipment	(509)	-	(347)
Loans receivable (advanced) / repaid	(288 688)	-	36 175
Net cash outflow to investing activities	(387 420)	(1 353)	(16 780)
Proceeds from the issue of shares for cash	-	106 778	126 853
Share issue expenses	-	(21 964)	(21 964)
Increase / (decrease) in financial liabilities	369 720	(69 874)	(150 914)
Net cash inflow to financing activities	369 720	14 940	(46 025)
Total cash and cash equivalents movement for the period	(13 045)	74 525	62 853
Total cash and cash equivalents at beginning of period	62 853	-	-
Total cash and cash equivalents at end of period	49 808	74 525	62 853

INTRODUCTION

Exemplar, which has now been listed on the main board of the JSE Retail REIT's sector for approximately 17 months, is a Real Estate Investment Trust ("REIT") focused on income generating shopping malls in peri-urban township and rural areas of South Africa. All asset and property management is internalised. In addition Exemplar manages several properties in this same niche on behalf of other property owners. Exemplar is a specialist in this market and is focused on growing its property portfolio through the acquisition of similar, high quality assets. It has a right of first refusal to acquire properties developed by McCormick Property Development (Pty) Ltd ("MPD") and will also acquire other suitable value-enhancing properties as well as co-develop where appropriate.



TRADING RESULTS AND DISTRIBUTION

FOR THE 6 MONTHS ENDED 31 AUGUST 2019

Rental and recovery income for the 6 months ended 31 August 2019 increased by 10.3% on an annualised basis compared to the corresponding period while operating profit has improved by 8.3%. Net finance costs as a percentage of operating profit improved to 34.4% from 37.5% for the 3 months ended 31 August 2018.

The Exemplar board has declared a dividend for the 6 months ended 31 August 2019 of 43.77 cents per share. This amounts to a total dividend of R140,729 million which compares favourably with net cash inflow from operating activities (before dividends paid) of R143,507 million. This accords with the Company's objective of only distributing amounts closely approximating cash generated from operating activities and represents an increase of 14.6% when compared to the annualised dividend for the corresponding period, being the 3 months ended 31 August 2018.

PROPERTY PORTFOLIO

As of the date of this announcement, the Exemplar property portfolio has grown to 21 income-generating shopping malls with the addition of Katale Square, which was acquired on 1 July 2019. The property portfolio was internally valued by the directors at the reporting date at R5,610 billion, which represents an increase of 1.6% on a like-for-like property basis compared to the value determined by the independent valuer as at 28 February 2019. The directors are of the view that a conservative approach to property valuation is necessary in the current, poor macro-economic climate.

INVESTMENT PROPERTY CARRYING VALUE RECONCILIATION

	UNAUDITED AS AT 31 AUG 2019	UNAUDITED AS AT 31 AUG 2018	AUDITED AS AT 28 FEB 2019
	R'000	R'000	R'000
Investment property	5 474 072	4 962 830	5 270 795
Operating lease asset	169 180	159 434	168 351
Finance lease liabilities	(33 303)	(21 869)	(32 742)
	5 609 949	5 100 395	5 406 404

VACANCIES AND ARREARS

As at 31 August 2019 the vacancy rate across the portfolio was 3,39% of GLA of which 0,44% relates to vacancies occasioned by the non-renewal of certain Edcon leases. Vacancies at 28 February 2019 were 3,1%. At the date of this announcement the vacancy rate has improved to 2,97%.

Arrears have improved to 1,06% of annualised property income from 2,48% at 28 February 2019. All arrears in excess of deposits and guarantees have been fully provided for.



TENANT RETENTION AND ESCALATION RATES

During the current calendar year, leases in respect of 50 483m² of GLA have or will expire, of which 41 505m² has been renewed or re-let at an average increase in rental of 6.82%. The rate of tenant retention thus far is 81.4%. In certain instances the Company has elected to not renew where new leases have been entered into with better quality tenants.

BORROWINGS AND INTEREST RATE HEDGING

Total facilities available to the Company at the reporting date amounted to R2,28 billion of which R2,065 billion had been utilised. The Company makes use of caps and collars as well as swaps to hedge its interest rate exposure.

Prior to listing Exemplar raised a term facility in the amount of R380 million for purposes of funding the acquisition of Katale Square, Mabopane Square and Riba Cross Mall. During the period under review this facility was drawn and on lent to MPD for purposes of funding the construction of the aforementioned three centres. R96,6 million of the loan to MPD was settled on acquisition by Exemplar of Katale Square from MPD. The balance of the loan remains outstanding, although it is repayable on demand, but in any event will be settled through the acquisition of Mabopane Square and Riba Cross Mall.

Due to the utilisation of the aforementioned R380 million facility, and the fact that of the three associated developments only Katale Square has been completed and acquired by Exemplar, the LTV of the Company at the reporting date, measured as net interest-bearing debt over investment property, is 35.9% as against 30.9% at 28 February 2019. As at the date of this announcement, Mabopane Square has been completed and has commenced trading. It is in the process of being acquired by Exemplar with an expected effective date of 1 November 2019. On a pro forma basis, assuming Mabopane Square and Riba Cross Mall had been acquired as at 31 August 2019 and were included in investment property at that date, the LTV would be 33.9%.

CONDENSED CONSOLIDATED SEGMENT REPORT	REVENUE R'000	PROFIT FROM OPERATIONS R'000	INVESTMENT PROPERTY R'000	GLA (M ²)
Gauteng	151 846	96 596	2 574 975	124 103
Mpumalanga	79 010	51 075	1 290 181	89 870
KwaZulu Natal	58 443	33 502	771 825	59 135
Limpopo	56 176	33 071	791 543	53 417
Eastern Cape	12 974	8 088	181 425	13 597
Exemplar H/O	-	780	-	-
For the 6 months ended 31 August 2019	358 449	223 112	5 609 949	340 122
Gauteng	69 413	45 642	2 333 750	124 103
Mpumalanga	36 899	25 115	1 158 744	81 136
KwaZulu Natal	25 992	14 244	745 070	59 135
Limpopo	24 441	13 836	684 401	53 417
Eastern Cape	5 703	3 606	178 430	13 597
Exemplar H/O	-	560	-	-
For the 3 months ended 31 August 2018	162 448	103 003	5 100 395	331 388
Gauteng	214 510	153 465	2 399 000	124 103
Mpumalanga	114 368	80 654	1 298 825	81 136
KwaZulu Natal	81 147	48 308	753 000	59 135
Limpopo	77 172	51 338	778 579	53 417
Eastern Cape	17 043	9 414	177 000	13 597
Exemplar H/O	-	(12 620)	-	-
For the 9 months ended 28 February 2019	504 240	330 559	5 406 404	331 388

RECONCILIATION BETWEEN EARNINGS AND DISTRIBUTABLE INCOME

UNAUDITED
FOR THE
6 MONTHS
ENDED
31 AUG 2019

UNAUDITED
FOR THE
3 MONTHS
ENDED
31 AUG 2018

AUDITED
FOR THE
9 MONTHS
ENDED
28 FEB 2019

	R'000	R'000	R'000
Profit for the period attributable to equity holders of Exemplar	216 154	115 738	335 937
Change in fair values of investment properties	(85 638)	(58 584)	(161 697)
Non-controlling interest in fair value adjustment	8 166	4 792	27 338
Straight-line lease income adjustments	(830)	(4 276)	(13 191)
Non-controlling interest in straight-line lease adjustment	1 066	752	1 509
Finance lease liability adjustment - rent paid	(1 481)	-	-
Finance lease liability adjustment - interest on finance lease	2 000	-	-
Non-controlling interest in finance lease liability adjustments	(275)	-	-
Fair value adjustment to derivative financial instruments	860	-	3 643
Deferred tax movement	170	-	(1 100)
Antecedent adjustment	537	-	2 650
Distributable income	140 729	58 422	195 089

Number of shares in issue	319 739 136	305 871 896	305 871 896
Number of shares to be issued	1 812 327	-	13 867 240
Total number of shares	321 551 463	305 871 896	319 739 136

Number of shares ranking for distribution	321 551 463	305 871 896	319 739 136
Distributable income per share (cents)	43,77	19,10	61,84

Distributable income for the period (R'000)	140 729	58 422	195 089
---	---------	--------	---------

Interim dividend (R'000)	140 729	58 422	58 422
Dividend per share (cents)	43,77	19,10	19,10
Number of shares	321 551 463	305 871 896	305 871 896

Final dividend (R'000)	-	-	136 667
Dividend per share (cents)	-	-	42,74
Number of shares	-	-	319 739 136

Dividend per share for the period (cents)	43,77	19,10	61,84
---	-------	-------	-------

PROSPECTS

On listing and in accordance with the JSE Listings Requirements, Exemplar included a forecast statement of comprehensive income in its prospectus. The forecast included distributable income per share of 61.37 and 91.27 cents per share for the 9 months ended 28 February 2019 and the 12 months ending 29 February 2020 respectively. The actual distribution of 61.84 cents per share for the first of the periods exceeded the forecast and the board of directors of Exemplar is confident that the Company will deliver a distribution in line with the forecast amount of 91.27 cents per share for the 12 months ending 29 February 2020.

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

DIVIDEND DECLARATION

Dividend number 3 of 43.77000 cents per share for the 6 months ended 31 August 2019 will be paid to shareholders in accordance with the timetable set out below:

LAST DATE TO TRADE CUM DIVIDEND	SHARES TRADE EX DIVIDEND	RECORD DATE	PAYMENT DATE
▼	▼	▼	▼
Tuesday, 19 November 2019	Wednesday, 20 November 2019	Friday, 22 November 2019	Monday, 25 November 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 November 2019 and Friday, 22 November 2019, both days inclusive. The dividend will be transferred to dematerialised shareholders' CSDP/broker accounts on Monday, 25 November 2019. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 25 November 2019.

An announcement informing shareholders of the tax treatment of the dividend will be released separately on SENS.

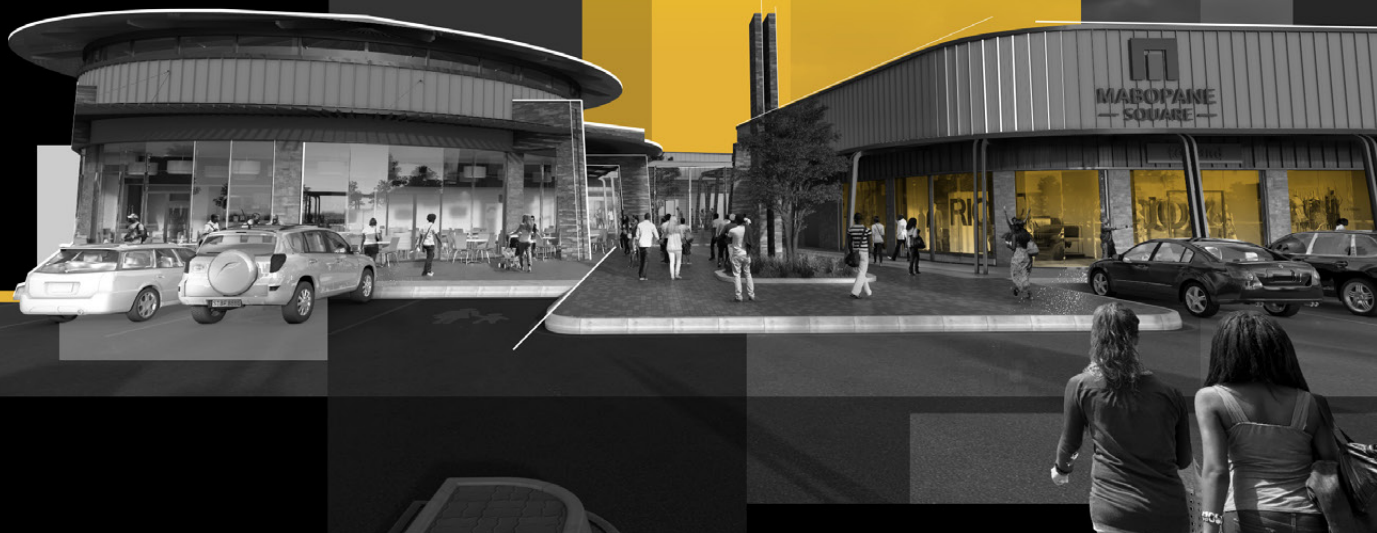
BASIS OF PREPARATION

These unaudited interim financial results for the period ended 31 August 2019 ("the interim results") have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS34 Interim Financial Reporting, the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act of South Africa, No 71 of 2008 as amended and the JSE Listings Requirements.

Except for the adoption of revised and new standards that became effective during the year, all accounting policies applied in the preparation of these unaudited consolidated interim financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2019. There was no material impact as a result of the adoption of IFRS 15 and IFRS 9.

The interim results have been prepared by the Chief Financial Officer, DA Church CA(SA). They are unaudited and have not been reviewed or reported on by the Company's independent auditors, BDO South Africa Incorporated.

The directors are not aware of any matters or circumstances arising subsequent to 31 August 2019 that require additional disclosure or adjustment to the financial statements, other than as disclosed in this announcement.





EXEMPLAR

BY ORDER OF THE BOARD

Exemplar REITail Limited
1 November 2019

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

A Booysen BA(Hons) LLB

REGISTERED OFFICE

Sokatumi Estate
Corner Lyttelton Road and Leyden Avenue
Clubview, Centurion, 0157
PO Box 12169, Clubview, 0014

TRANSFER SECRETARIES

Computershare Investor Services
Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196
PO Box 61051, Marshalltown, 2107

AUDITOR

BDO South Africa Incorporated

SPONSOR

Java Capital

EXEMPLAR REITAIL LIMITED

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