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## RELATED PARTY ACQUISITION OF A 50% UNDIVIDED SHARE IN MAMELODI SQUARE

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### 1. INTRODUCTION AND RATIONALE

Shareholders are advised that Exemplar has concluded a sale and purchase agreement to acquire a 50% undivided share in Erf 41319, Mamelodi Extension 35 Township, Registration Division J.R., Province of Gauteng (the "**Property**"), as well as the assets and liabilities attached to the undivided share (collectively, the "**Target Enterprise**") from McCormick Property Development Proprietary Limited ("**MPD**") with effect from 1 November 2022 (the "**Acquisition**"). The ultimate beneficial owner of MPD is the John McCormick Family Trust. The Acquisition is subject to the fulfilment of the conditions precedent detailed in paragraph 2 below.

The shopping centre known as Mamelodi Square is constructed on the Property. Mamelodi Square is a 16 533m<sup>2</sup> retail centre located in Tshwane, Gauteng which opened for trading in October 2022.

The Acquisition is in line with Exemplar's strategy to acquire high quality assets from MPD, which assets have fundamentals consistent with the existing Exemplar property portfolio.

### 2. TERMS OF THE ACQUISITION

#### 2.1. Purchase consideration

The consideration payable for the Target Enterprise is R116 500 000, which shall be paid to MPD in cash on the unconditional date, being the date of fulfilment of the last of the conditions precedent, as detailed below.

#### 2.2. Conditions precedent

The Acquisition is subject to the fulfilment of the following conditions precedent by 30 April 2023:

- all approvals required in terms of the Competition Act to enable the Acquisition are granted without conditions or are granted subject to such conditions which Exemplar and MPD agree are acceptable to them; and
- all approvals required by the JSE Limited to enable the Acquisition are granted.

The conditions precedent may not be waived, but the date for fulfilment thereof may be extended by way of agreement between Exemplar and MPD.

#### 2.3. Other material terms

MPD has guaranteed 100% of the net income of the Target Enterprise on which the valuation is based for a period of two years, from 1 November 2022.

The agreement in respect of the Acquisition contains warranties which are normal for a transaction of this nature.

### 3. PROPERTY SPECIFIC INFORMATION

Property name	Geographical location	Sector	GLA (m <sup>2</sup> )	Weighted average basic rental per m <sup>2</sup> (R/m <sup>2</sup> )	Purchase consideration for the Target Enterprise (R)	Value attributed to the entire enterprise as at 31 October 2022 (R)
Mamelodi Square	Tshwane, Gauteng	Retail	16 533	R145.98	R116 500 000	R233 000 000

The valuation of the Property has been carried out by Quadrant Properties Proprietary Limited as at 31 October 2022. Quadrant Properties is an external valuer as defined in section 13 of the JSE Listings Requirements.

The purchase price payable for the Target Enterprise is considered to be its fair market value, as determined by the directors of the Company. The directors of the Company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No.47 of 2000.

### 4. FINANCIAL INFORMATION

Set out below are the forecast revenue, operational net income, net profit after tax and earnings available for distribution relating to the Target Enterprise (the “**Forecast**”) for the 12 months ending 29 February 2024 and the 12 months ending 28 February 2025 (the “**Forecast Period**”).

The Forecast has been prepared on the assumption that the Acquisition was implemented on 1 March 2023 and on the basis that the forecast includes forecast results for the duration of the Forecast Period.

The Forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the Company. The Forecast has not been reviewed or reported on by independent reporting accountants.

The Forecast presented in the table below has been prepared in accordance with the Company’s accounting policies, which are in compliance with International Financial Reporting Standards.

	<b>Forecast for the 12 months ending 29 February 2024</b>	<b>Forecast for the 12 months ending 28 February 2025</b>
	<b>Rand</b>	<b>Rand</b>
Rental and recovery income	19 911 574	21 107 974
Net property income	9 719 046	11 073 235
Net after tax profit	9 719 046	11 073 235
Total comprehensive (loss)/profit for the period	(1 018 759)	335 430
<b>Profit available for distribution (cps)</b>	<b>(0.31)</b>	<b>0.10</b>

The forecast incorporates the following material assumptions in respect of revenue and expenses:

1. The forecast is based on information derived from the management accounts, budgets, and rental contracts provided by MPD.
2. Rental income is derived from the forecasts provided to the Company by MPD.
3. Net property income excludes the effects of straight lining rental income.

4. Total comprehensive profit includes the effects of finance costs.
5. Contracted revenue is based on existing lease agreements including stipulated increases, all of which are valid and enforceable.
6. 100% of rental income is contracted. No near contracted rental income is forecast.
7. Property operating expenditure has been forecast by the property manager on a line-by-line basis based on management's review of historical expenditure, where available, and discussion with the property manager.
8. No fair value adjustment is recognised.
9. There will be no unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of existing lease agreements.

## **5. RELATED PARTY TRANSACTION**

In terms of section 10 of the JSE Listings Requirements, the acquisition constitutes a small related party transaction as MPD is a material shareholder of Exemplar, and John McCormick and Jason McCormick are directors of both MPD and Exemplar. Accordingly, Exemplar is required to obtain a fairness opinion from an independent expert in this regard.

A further announcement will be released following the finalisation of the independent expert's opinion.

9 March 2023

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