



EXEMPLAR

GAUTENG PROPERTY TOUR

Investor information
02 August 2018



INTRODUCTION

Niche market focus

- Exemplar is focused on dominant retail property in under-served, peri-urban township and rural areas
- Established and less cyclical consumer spending patterns in this segment
- Have accumulated strong, unrivalled knowledge of this retail market and opportunity
- Established partnership model with local communities and BEE investors at an asset level
- In partnerships with established REITs in its large, flagship properties

Investment strategy and growth

- Sustainable income growth, supported by natural population growth, rural-urban migration and consumer spending growth
- Retail centres underpinned by defensive, non-discretionary consumer retail spend

Strong internal management

- Experienced executive directors and management team
- Cumulative 238 years of employment with MPD prior to listing
- High familiarity with property portfolio and market segment

Relationship with MPD

- Strong pipeline of secured development opportunities through MPD
- First right of refusal on properties developed by MPD
- All the properties in the Exemplar portfolio have been developed by MPD
- Have already undertaken to acquire three properties currently being developed by MPD
- 35 year history within this market segment
- MPD has successfully completed 62 developments, with 3 more to be completed in 2018



EXECUTIVE MANAGEMENT TEAM

Jason McCormick



Chief Executive Officer

Jason joined McCormick Property Development in 2002 and was appointed GM Business Development in 2008, sourcing, securing and developing 18 of the 23 properties in the Exemplar property portfolio. He has been Managing Director of MPD since 2011 and oversaw the MPD portfolio grow from 6 shopping centres totalling 83,000sqm GLA in 2002 to 27 centres totalling 523,977sqm GLA prior to listing in 2018.

Duncan Church



Chief Financial Officer

Duncan completed his articles at PKF (Jhb) Inc before becoming a partner in 2004 at which time he was also appointed Head of Corporate Finance. During his time at PKF and later at Grant Thornton he acted as the reporting accountant in the listing of numerous companies, including several property funds. He provided advisory services to various listed property funds as well as many other non-property sector listed and private companies.

John McCormick



Executive Director

Post an MBA at Stanford University, John commenced his career in the USA at real estate company WM Lyon Development. In 1973 he returned to South Africa and joined Kirsh Industries. Thereafter, he held various senior positions at Metro Cash and Carry, Southern Sun Hotels and finally World Furnishers as CFO. He saw the dire need for full-service retail in then under-served rural areas. In 1983 he founded McCormick Property Development, a business which he has been instrumental in to the present day.

PORTFOLIO OVERVIEW

THORNTREE
Shopping Centre

ALEX MALL
Celebrating 100 Years and Beyond

A.S.C.
ATTERIDGE
STADIUM CENTRE

**OLIEVENHOUT
PLAZA**

CHUSHANI
crossing

**DIEPKLOOF
SQUARE**

**ANDENI
MALL**

**GREATER
EDENDALE
MALL**

ISLAND mall

**LUSIKI
PLAZA**

Gauteng

Limpopo

North West

Mpumalanga

Free State

Kwazulu-Natal

Northern Cape

Eastern Cape

Western Cape

**MAAKE
PLAZA**

JANE FURSE PLAZA

**Emoyeni
mall**

**MODI
MALL**

**MODJADJI
PLAZA**

**PHOLA
MALL**

Blouberg Mall

**Theku
PLAZA**

**ACORNHOEK
MEGACITY**
"HOME IS WHERE THE CITY IS"

**KWAGGA
MALL**

PORTFOLIO OVERVIEW (CONT.)

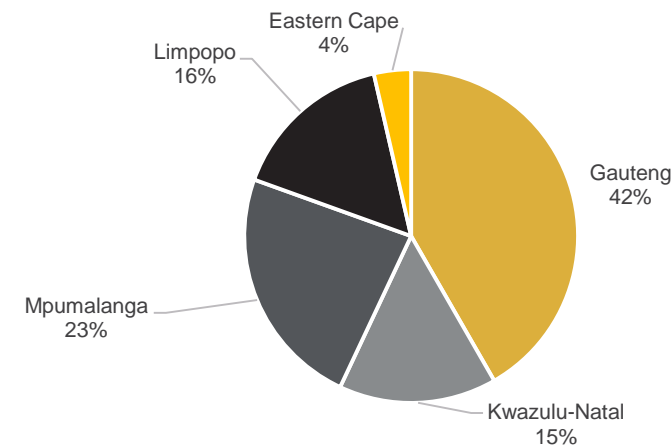
Top 10 tenants⁽ⁱⁱ⁾

% of rent

SHOPRITE	12%
Pick n Pay	5%
Roots BUTCHERY	4%
PEP	3%
Jet Mart	3%
Cashbuild <small>QUALITY BUILDING MATERIALS AT THE LOWEST PRICES</small>	3%
ACKERMANS	2%
mrp	2%
OK Furniture	2%
TRUWORTHS	2%
Total of Top 10	38%

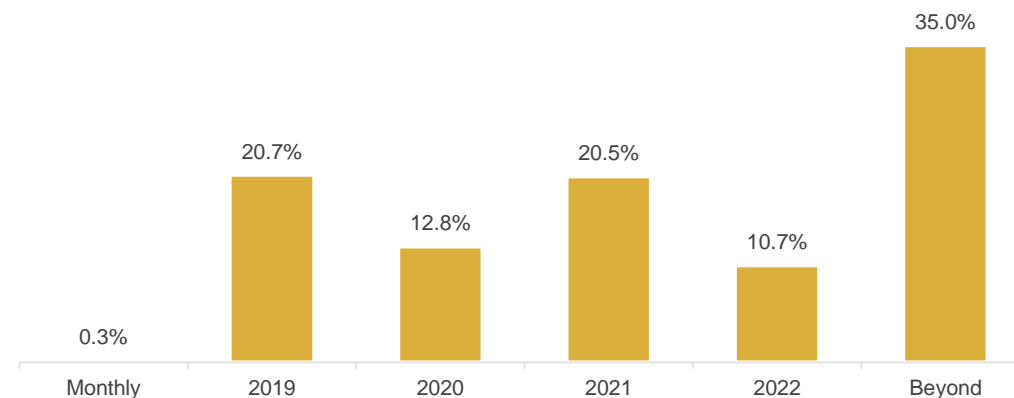
Geographic spread⁽ⁱ⁾

% of leased area



Lease expiry profile⁽ⁱ⁾

By revenue



⁽ⁱ⁾ As at 1 June 2018

⁽ⁱⁱ⁾ As at August 2018. National tenants comprise c.85% of total tenants by gross rentals

FINANCIAL OVERVIEW

Summarised consolidated forecast

R'000	9 months ending Feb 2019	Year ending Feb 2020
Rental income and recoveries	510 088	777 127
Straight-line adjustments	37 770	30 282
Rental revenue	547 858	807 409
Property operating expenses	(180 669)	(279 329)
Administrative expenses	(23 041)	(32 550)
Other income	8 309	11 924
Profit from operations	352 457	507 454
Fair value adjustments	(37 770)	(30 282)
Finance costs	(128 263)	(191 018)
Finance income	11 764	20 290
Profit for the year	198 188	306 444
Total profit attributable to:		
Equity holders of Exemplar	191 585	296 271
Non-controlling interests	6 603	10 173

Reconciliation to distributable income

R'000	9 months ending Feb 2019	Year ending Feb 2020
Profit for the year attributable to shareholders	191 585	296 271
Change in fair values of investment properties	37 770	30 282
Headline earnings	229 355	326 553
Straight-line lease revenue adjustments	(37 770)	(30 282)
Antecedent adjustment	4 641	3 564
Distributable income	196 226	299 835
Shares in issue ('000)	319 739	328 508
DPS (cents)	61.37	91.27
Yield*	8.2%	
* Assuming a NAV of R10.00 per share and implied annualised DPS of 61.37c x 12/9 = 81.83c		

FINANCIAL OVERVIEW (CONT.)

Summarised consolidated pro-forma balance sheet (pre-new developments)

R'000	Pro forma
Investment property and operating lease asset ⁽ⁱ⁾	4 907 843
Other non-current assets	9 781
Current assets	261 376
Trade and other receivables	40 906
Cash and cash equivalents	139 219
Financial assets	81 251
Total Assets	5 179 000
Stated capital	3 007 955
Non-controlling interests	122 290
Interest-bearing liabilities	1 851 948
Other non-current liabilities	82 322
Current liabilities	114 485
Equity and liabilities	5 179 000
Shares in issue ('000)	305 872
NAV and TNAV per share (R)	9.83
LTV	37.7%

GROWTH AND PROSPECTS

- Growth will primarily be achieved organically through escalations embedded in the portfolio, active asset management and the benefits of gearing
- Additional growth to be achieved through acquisition of yield enhancing assets with metrics consistent with those of existing portfolio
- The company has a first right of first refusal on a secured development pipeline of over 500 000m² GLA through its relationship with MPD
 - MPD has a secured pipeline of 26 strategically-located greenfield development properties which are mostly at an advanced stage of planning/approval. Upon development completion, if bought into Exemplar, such assets will entrench Exemplar as the dominant player in this market segment.
- There are three development properties, currently being developed by MPD, which Exemplar has undertaken to acquire on completion:
 - Katale Square near Rust de Winter, Mpumalanga. Expected to be completed in April 2019
 - Mabopane Plaza in Mabopane, Gauteng. Expected to be completed in September 2019
 - Riba Cross Mall in Mpumalanga. Expected to be completed in October 2019
 - Total value on completion of R455 million
- Developments will be yield accretive

OLIEVENHOUT PLAZA

Investment highlights

Valuation (100%)	R267 million
GLA (m ²) ⁽ⁱ⁾	17 111
Occupancy ⁽ⁱⁱ⁾	100%
Weighted ave. rental (R /m ² / month) ⁽ⁱⁱ⁾	128
WALE (years) ⁽ⁱⁱⁱ⁾	1.8
Trading density (R/m ²) ^(iv)	39 504 per annum
Rent-to-sales ^(iv)	2.9%
Catchment area ^(v)	15 030 households
Footfall	N/A – open centre
Number of stores	54
Parking bays	653

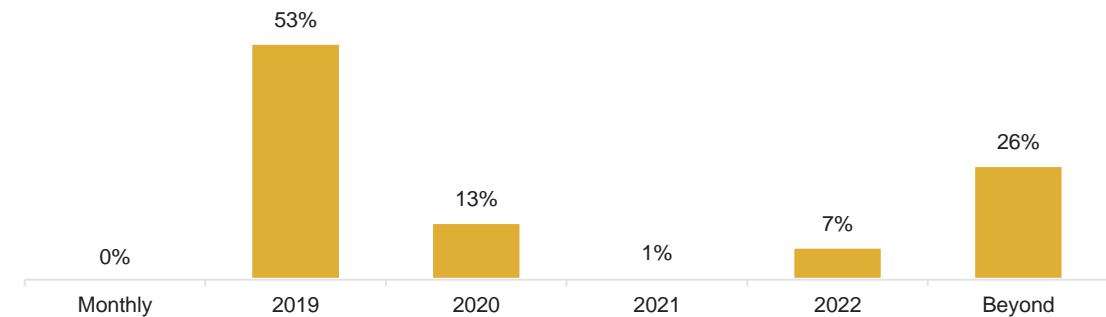
- Developed in 2013 at the same time as Forest Hill City and as such lacked traction with the fashion component which supported the larger national scheme across the N14 highway, approx. 4KM's away
- As such, the centre was developed as an 'open boulevard' which allowed for conversion into a fully enclosed mall on redevelopment and re-tenanting with national fashion

(i) Represents total centre GLA. Exemplar owns 100% of the shopping centre.
(ii) As at 1 July 2018
(iii) Based on revenue. As at 1 June 2018
(iv) Based on top 5 tenants as some tenants do not report turnover consistently
(v) As per Fernridge study, January 2011



Lease expiry profile

By revenue



OLIEVENHOUT PLAZA (CONT.)

- Rights of 20 000sqm GLA in place; therefore the potential expansion and redevelopment opportunity provides significant upside to Exemplar shareholders upon re-tenanting the redevelopment
- Pilot PV system installed with over one year of data supporting the investment case for roll out across the portfolio

Key tenants



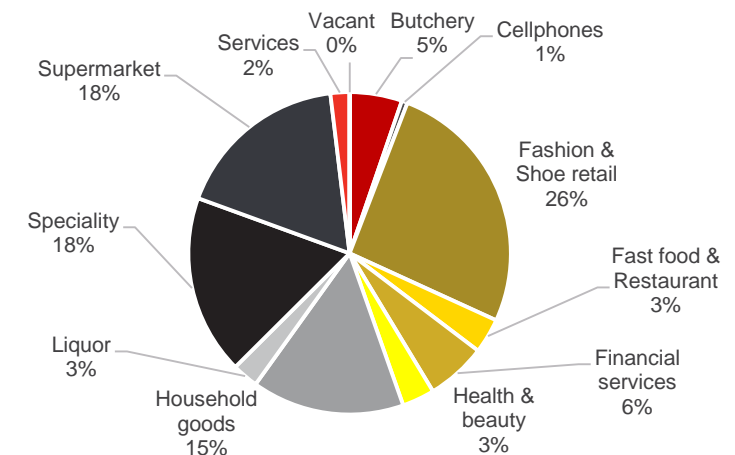
SHOPRITE



Roots
BUTCHERY



Retail mix
% of leased area



DIEPKLOOF SQUARE

Investment highlights

Valuation (100%)	R272 million
GLA (m ²) ⁽ⁱ⁾	15 778
Occupancy ⁽ⁱⁱ⁾	100%
Weighted ave. rental (R /m ²) ⁽ⁱⁱ⁾	137
WALE (years) ⁽ⁱⁱⁱ⁾	7.1
Trading density (R/m ²) ^(iv)	40 170 per annum
Rent-to-sales ^(iv)	3.2%
Catchment area	58 379 households
Footfall	N/A
Number of stores	48
Parking bays	600

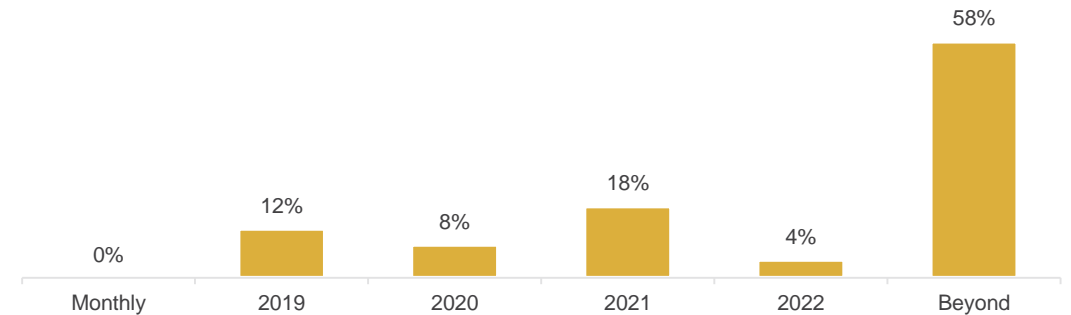
- Situated in one of the highest income suburbs in Gauteng townships and location of 'Millionaires Mile' makes this the 'Beverley Hills' of Soweto
- High focus on food and restaurants for higher income segment (10%) and on non-discretionary grocery spend (37%) with Pick n Pay, Food Lovers Market and Roots catering across all income levels

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(iv) Based on top 5 tenants as some tenants do not report turnover consistently



Lease expiry profile

By revenue

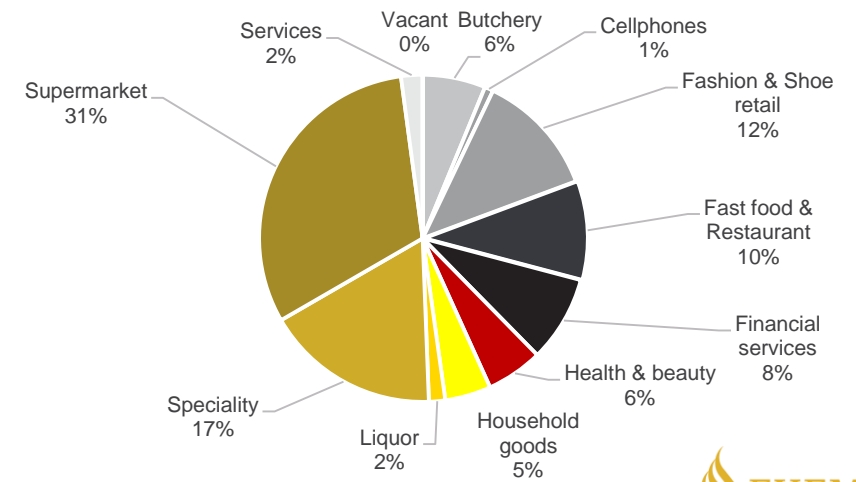


DIEPKLOOF SQUARE (CONT.)

Key tenants



Retail mix
% of leased area



CHRIS HANI CROSSING

Investment highlights

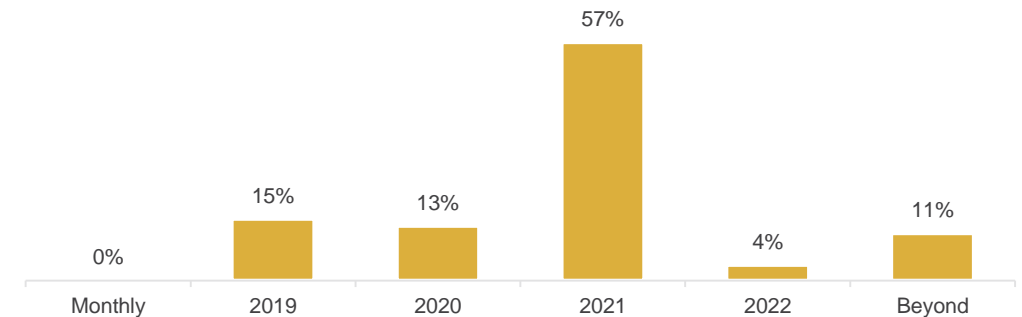
Valuation (100%)	R930 million
GLA (m ²) ⁽ⁱ⁾	40 546
Occupancy ⁽ⁱⁱ⁾	100%
Weighted ave. rental (R /m ²) ⁽ⁱⁱ⁾	159
WALE (years) ⁽ⁱⁱⁱ⁾	2.4
Trading density (R/m ²) ^(iv)	42 046 per annum
Rent-to-sales ^(iv)	3.0%
Catchment area ^(v)	185 190 households
Footfall ^(vi)	785 007 per month
Number of stores	112
Parking bays	1 866

- Flagship shopping centre in the Exemplar portfolio, owned in joint partnership with Redefine Properties
- Redevelopment / upgrade in the asset management plans for the property
- Built on the most prominent site in Kathlehong / Vosloorus area with two offramps converging at the intersection at the shopping centre to cross the Natspruit and thus serving both Vosloorus and Kathlehong

(i) Represents total centre GLA. Exemplar owns a 50% undivided share in the shopping centre.
(ii) As at 1 June 2018
(iii) Based on revenue. As at 1 June 2018
(iv) Based on top 5 tenants as some tenants do not report turnover consistently
(v) As of date of initial feasibility study, being 31 August 2009
(vi) Avg. for 12 months June 17 – June 18



Lease expiry profile
By revenue



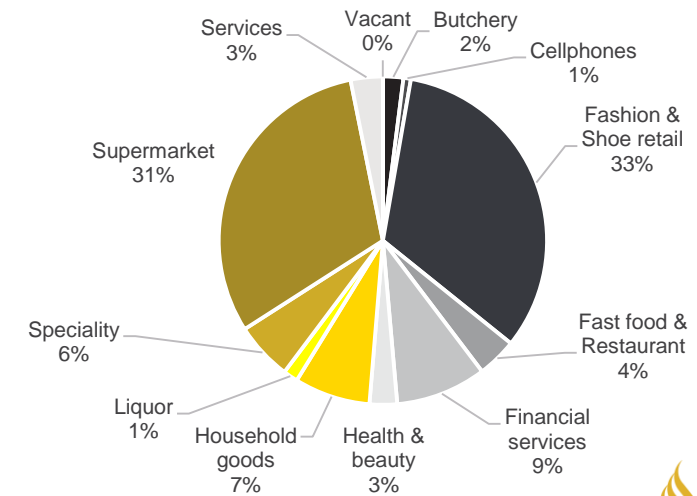
CHRIS HANI CROSSING (CONT.)

- The shopping centre had the most successful opening day for McDonald's at the time of opening in November 2010

Key tenants



Retail mix
% of leased area



TSAKANE MALL

Investment highlights

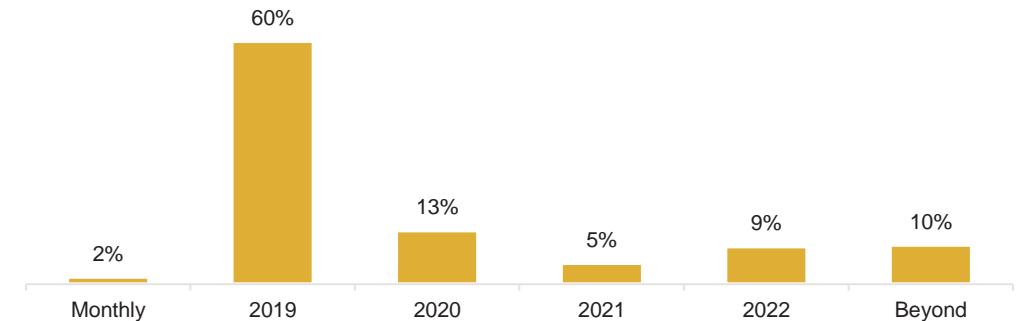
Valuation (100%)	R770 million
GLA (m ²) ⁽ⁱ⁾	39 354
Occupancy ⁽ⁱⁱ⁾	100%
Weighted ave. rental (R /m ²) ⁽ⁱⁱ⁾	135
WALE (years) ⁽ⁱⁱⁱ⁾	1.6
Trading density (R/m ²) ^(iv)	38 281
Rent-to-sales ^(iv)	2.8%
Catchment area ^(v)	187 076 households
Footfall	N/A
Number of stores	121
Parking bays	1 645

- Centrally located for the entire Kwatsaduza region
- Market Research (conducted in 2018) shows area demographics warrant an estimated total of 45 961 m² GLA at a capture rate of 12%
- Leasing of phase 2 (85% owned by MPD) currently underway
- Additional redevelopment and expansion can accommodate a further 24 631m² of GLA without any structured parking

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(iii) Based on revenue. As at 1 June 2018
(iv) Based on top 5 tenants as some tenants do not report turnover consistently
(v) As per Fernridge study, May 2018



Lease expiry profile By revenue



TSAKANE MALL (CONT.)

Key tenants

SHOPRITE

SUPERSPAR

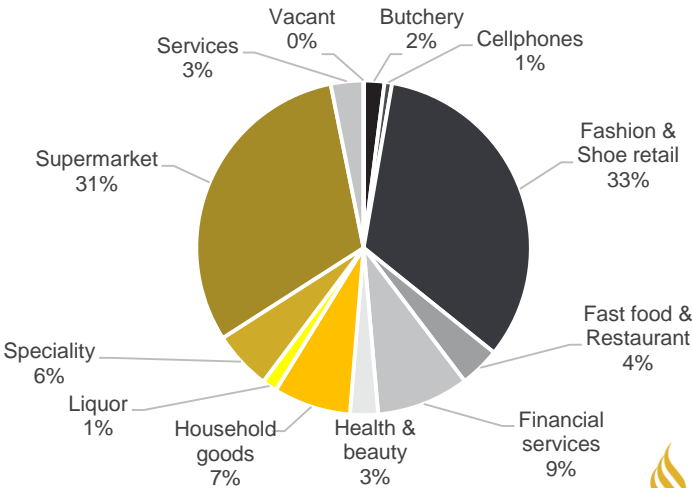


Jet Mart

ENGEN



Retail mix
% of leased area



ALEX MALL

Investment highlights

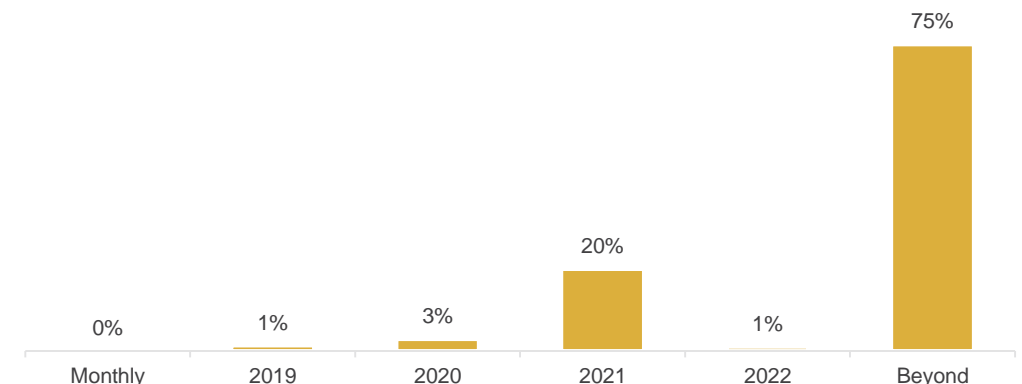
Valuation (100%)	R502 million
GLA (m ²) ⁽ⁱ⁾	29 565
Occupancy ⁽ⁱⁱ⁾	97%
Weighted ave. rental (R /m ²) ⁽ⁱⁱ⁾	132
WALE (years) ⁽ⁱⁱⁱ⁾	5.6
Trading density ^(iv)	27 908
Rent-to-sales ^(iv)	4.4%
Catchment area ^(v)	62 693 households
Footfall ^(vi)	901 690 per month
Number of stores	97
Parking bays	1 348

- Gateway to Alex from the N3
- Only significant formal retail on the 'East Bank' of Alex, whose income levels exceed those of the "West Bank"
- Expansion of 45 000 sqm GLA planned ITO the design
- Additional tenants: Standard Bank and ABSA

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(iv) Based on top 5 tenants as some tenants do not report turnover consistently
(v) As per Fernridge study, April 2014
(vi) Avg. for 12 months June 17 – June 18



Lease expiry profile By revenue

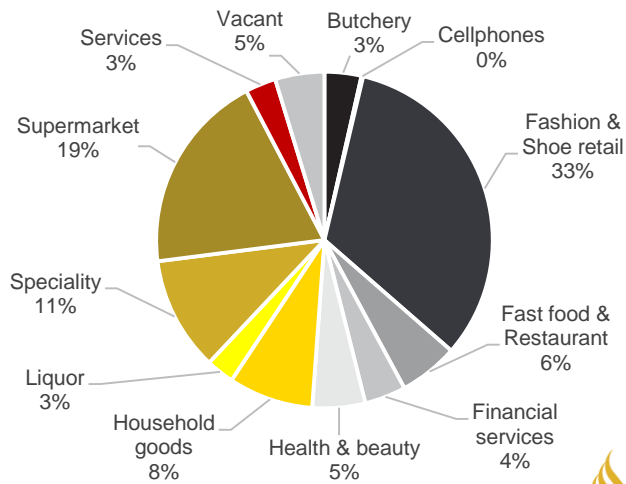


ALEX MALL (CONT.)

Key tenants



Retail mix
% of leased area





DELIVERING TO OUR CUSTOMERS NEEDS

**THANK
YOU**