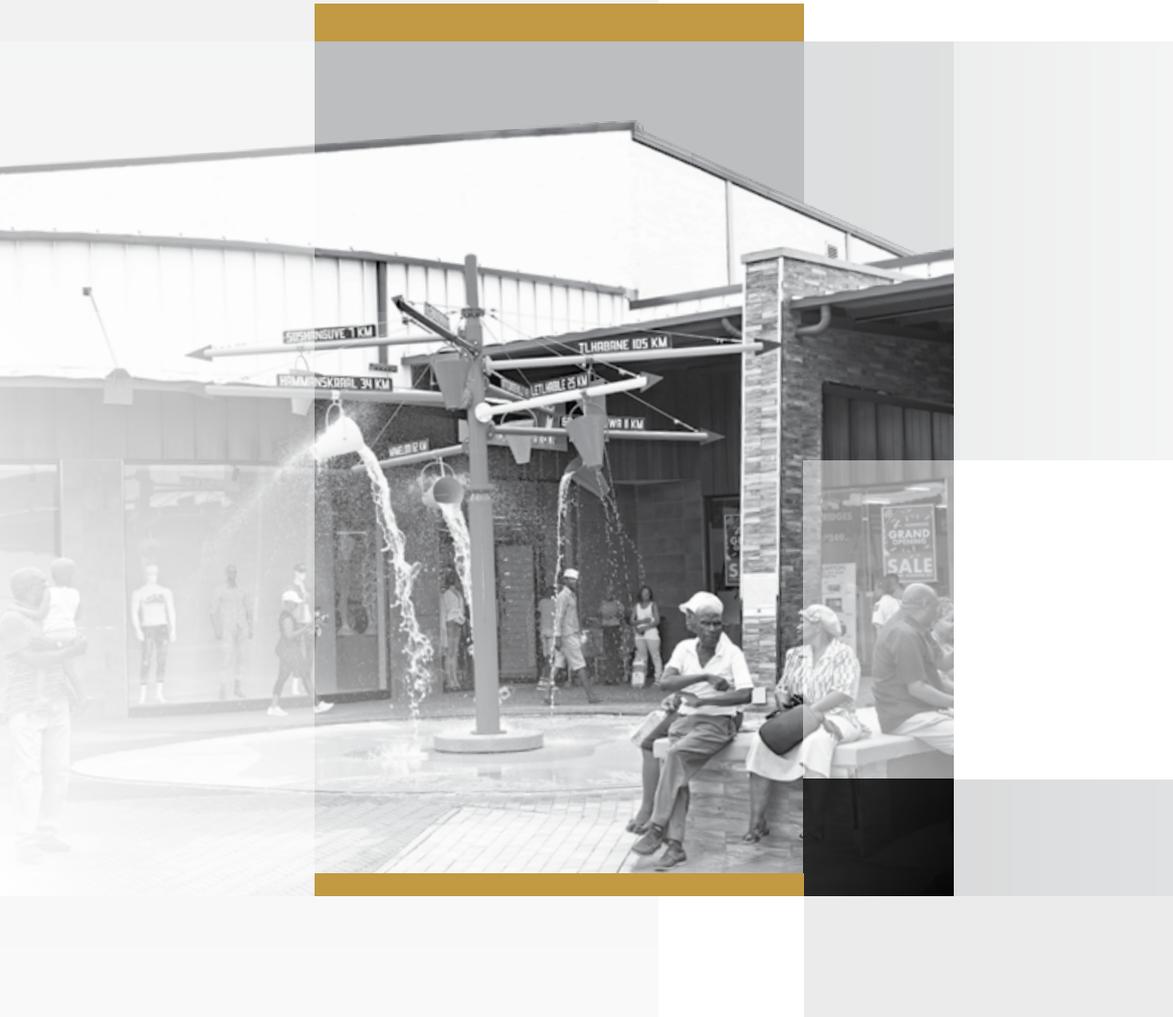




EXEMPLAR



UNAUDITED INTERIM RESULTS
FOR THE 6 MONTHS ENDED 31 AUGUST 2020



Mabopane Square | Gauteng

EXEMPLAR REITAIL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2018/022591/06)
JSE share code EXP
ISIN: ZAE000257549
LEI: 3789000558287E37F130
Approved as a REIT by the JSE
("Exemplar" or "the Company")



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited as at 31 Aug 2020	Unaudited as at 31 Aug 2019	Audited as at 29 Feb 2020
Non-Current Assets	5 841 285	5 644 342	5 816 431
Investment property	5 662 367	5 474 072	5 663 873
Operating lease asset	153 229	169 180	151 434
Property, plant and equipment	25 689	1 090	1 124
Current Assets	325 428	429 894	309 782
Loans receivable	221 674	333 088	215 173
Cash and cash equivalents	57 535	49 808	47 684
Trade and other receivables	46 219	46 998	46 925
Total Assets	6 166 713	6 074 236	6 126 213
Total Equity	3 686 793	3 720 514	3 758 239
Shareholders' interest	3 532 480	3 564 513	3 600 523
Stated capital	3 233 729	3 204 861	3 235 817
Retained earnings	298 751	359 652	364 706
Non-controlling interest	154 313	156 001	157 716
Non-Current Liabilities	2 311 654	2 195 265	2 198 762
Financial liabilities	2 184 894	2 065 179	2 062 811
Derivative financial instruments	23 484	4 503	26 465
Lease liabilities	24 013	30 610	23 746
Deferred taxation	79 263	94 973	85 740
Current Liabilities	168 266	158 457	169 212
Trade and other payables	165 525	155 764	161 021
Lease liabilities	2 741	2 693	2 718
Dividend payable	-	-	5 473
Total Equity and Liabilities	6 166 713	6 074 236	6 126 213



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited for the 6 months ended 31 Aug 2020	Unaudited for the 6 months ended 31 Aug 2019	Audited for the 12 months ended 29 Feb 2020
Property portfolio	355 984	359 279	727 689
Rental and recovery income	354 189	358 449	744 606
Straight-line lease income adjustments	1 795	830	(16 917)
Property operating expenses	(145 566)	(126 367)	(263 117)
Net rental and related income	210 418	232 912	464 572
Other income	8 947	5 848	14 977
Administrative expenses and corporate costs	(15 235)	(15 648)	(32 836)
Profit from operations	204 130	223 112	446 713
Interest income	14 147	12 255	26 760
Finance costs	(161 087)	(89 105)	(184 416)
Profit before fair value adjustments	57 190	146 262	289 057
Fair value adjustments on derivative financial instruments	2 982	(860)	(22 822)
Fair value adjustments on investment property	21 021	85 638	113 780
Profit before taxation	81 193	231 040	380 015
Taxation	6 476	(170)	9 063
Total profit for the period	87 669	230 870	389 078
Total profit attributable to:			
Equity holders of Exemplar	91 072	216 154	361 415
Non-controlling interests	(3 403)	14 716	27 663
Total profit for the period	87 669	230 870	389 078

Reconciliation between earnings and headline earnings

Rand	Unaudited for the 6 months ended 31 Aug 2020	Unaudited for the 6 months ended 31 Aug 2019	Audited for the 12 months ended 29 Feb 2020
Profit for the year attributable to equity holders of Exemplar	91 072	216 154	361 415
Change in fair values of investment properties	(21 021)	(85 638)	(113 780)
Non-controlling interest in fair value adjustment	1 221	8 166	15 332
Headline earnings	71 272	138 682	262 967

Number of shares in issue	325 027 765	319 739 136	325 027 765
Number of shares to be issued	-	1 812 327	-
Total number of shares	325 027 765	321 551 463	325 027 765
Weighted average number of shares in issue	325 027 765	320 343 245	322 082 371
Basic and diluted earnings per share (cents)	28.02	67.48	112.21
Headline earnings per share (cents)	21.93	43.29	81.64



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Unaudited for the 6 months ended 31 Aug 2020			
	Stated capital	Retained earnings	Non-controlling interest	Total
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	-	(134 017)	(4 835)	(138 852)
Unaudited balance at 31 August 2019	3 204 861	359 652	156 001	3 720 514
Shares issued for acquisitions	36 869	-	-	36 869
Shares issued for share scheme	950	-	-	950
Subsidiary acquisition price adjustment	(6 863)	-	-	(6 863)
Profit for the period	-	145 261	12 947	158 208
Dividends paid	-	(140 207)	(5 759)	(145 966)
Dividends payable	-	-	(5 473)	(5 473)
Audited balance at 29 February 2020	3 235 817	364 706	157 716	3 758 239
Acquisition price adjustment	(2 088)	-	-	(2 088)
Profit for the period	-	91 072	(3 403)	87 669
Dividends paid	-	(157 027)	-	(157 027)
Unaudited balance at 31 August 2020	3 233 729	298 751	154 313	3 686 793



Alex Mall | Gauteng



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited for the 6 months ended 31 Aug 2020	Unaudited for the 6 months ended 31 Aug 2019	Audited for the 12 months ended 29 Feb 2020
Cash generated from operations	218 742	227 134	459 701
Interest income	14 148	5 478	26 760
Finance costs	(159 183)	(89 105)	(180 700)
Dividends paid	(162 501)	(138 852)	(284 818)
Net cash (outflow) / inflow from operating activities	(88 794)	4 655	20 943
Additions to investment property	(4 153)	(98 223)	(223 055)
Purchase of property, plant and equipment	(9 192)	(509)	(731)
Loans receivable advanced	(6 501)	(288 688)	(169 823)
Net cash outflow to investing activities	(19 846)	(387 420)	(393 609)
Subsidiary / acquisition price adjustment	(2 088)	-	(6 863)
Repayment of lease liabilities	(1 504)	-	(2 992)
Increase in financial liabilities	122 083	369 720	367 352
Net cash inflow to financing activities	118 491	369 720	357 497
Total cash and cash equivalents movement for the period	9 851	(13 045)	(15 169)
Total cash and cash equivalents at beginning of period	47 684	62 853	62 853
Total cash and cash equivalents at end of period	57 535	49 808	47 684





FINANCIAL PERFORMANCE

RENTAL RELIEF AND ARREARS

The Covid-19 induced lockdowns inhibited many tenants' normal trading which necessitated Exemplar providing rental relief amounting to R28.5 million. In addition, we have provided for additional doubtful debts of R12.3 million to ensure that all tenant arrears have been fully provided for. These extraordinary amounts have reduced profit and distribution by R40.8 million.

FINANCE COSTS

With borrowing costs descending to unprecedented lows Exemplar took the decision to close-out certain hedging arrangements on R1.7 billion of debt, originally expiring on 4 October 2021, with the intention of locking-in the current more-favourable rates through new derivative instruments. A settlement fee of R76.2 million, included in finance costs, was paid and in accordance with IFRS has been expensed. For purposes of calculating the distribution for the period the settlement fee has been amortised over the remaining original life of the hedge.

DISTRIBUTION

Exemplar has declared a distribution of R116.9 million for the 6 months ended 31 August 2020, being 35.96 cents per share, which is 7.81 cents per share or 17.8% less than the corresponding distribution paid in the prior year. As mentioned above the Covid-19 rental relief and bad debts provided for meant a reduction in distribution of R40.8 million, which equates to 12.55 cents per share. But for this the current distribution would have been 10.8% up on the corresponding prior year distribution.

TENANT RETENTION & ESCALATION RATES

During the current calendar year, leases in respect of 63 306m² of GLA have or will expire. Of this 39 484m² or 62.37% has been renewed or re-let. Escalations have varied with stronger-trading centres having achieved good escalations while in the weaker centres there have been some negative rental reversions. A number of lease negotiations are underway and for the portfolio as a whole we are expecting a marginal increase in rentals on new or renewed leases in the current year.

VACANCIES & ARREARS

Vacancies as at 31 August 2020 were 5.47% or 19 149m² of GLA. However, since then 7 208m² of this space has been let, all of which will be occupied by December 2020. Therefore in the absence of any new vacancies of which we are currently not aware the vacancy rate will have improved to 3.41% by that date, which is comparable with historical levels within our portfolio.

Similarly, arrears have worsened to 3.63% of annualised property income against 1.06% for the comparative period. As is our policy, all arrears in excess of tenants' deposits and guarantees have been fully provided for. Barring a few exceptions most of the arrears were incurred during the lockdown periods and in subsequent months a modicum of normality has returned with current collections approximating 98% of billings. The shortfall in current collections relates mainly to distressed tenants, some of whom have entered business rescue proceedings and are currently not paying full contractual rental.



NET ASSET VALUE

R'000	Unaudited as at 31 Aug 2020	Unaudited as at 31 Aug 2019	Unaudited as at 29 Feb 2020
Reported net asset value	3 532 480	3 564 513	3 600 523
Dividend to be declared	(116 896)	(140 743)	(157 634)
Derivative financial instruments	23 484	4 503	26 465
Deferred tax liability	79 263	94 973	85 740
	3 518 331	3 523 246	3 555 094
Shares outstanding	325 027 765	321 551 463	325 027 765
Number of shares in issue at period end	325 027 765	319 739 136	325 027 765
Shares to be issued	-	1 812 327	-
NET ASSET VALUE PER SHARE (RAND)	10.82	10.96	10.94

Net asset value ("NAV") per share as at 31 August 2020, calculated in accordance with the SA REIT Association Best Practice Recommendations ("the BPR"), was R10.82. The reduction relative to prior periods is a consequence of the debt incurred in settling the interest-rate hedges, which by period end amounted to R61.2 million. In terms of the BPR unrealised

losses on derivative financial instruments are added back for purposes of calculating NAV. However, as we have settled these hedges, the losses have been realised, and therefore there is no adjustment to the calculation. On the assumption that the interest-rate hedges had been fair-valued but not settled the NAV per share would be R11.01.





LOAN-TO-VALUE RATIO

R'000	Unaudited as at 31 Aug 2020	Unaudited as at 31 Aug 2019	Unaudited as at 29 Feb 2020
Financial liabilities	2 184 894	2 065 179	2 062 811
Cash and cash equivalents (excluding tenants' deposits)	(30 564)	(23 736)	(19 787)
Net debt	2 154 330	2 041 443	2 043 024
Carrying amount of property related assets	5 990 807	5 899 691	5 959 651
Total assets per statement of financial position	6 166 713	6 074 236	6 126 213
Staff share scheme loans	(45 399)	(44 436)	(45 489)
Trade and other receivables	(46 218)	(46 998)	(46 925)
Cash and cash equivalents	(57 535)	(49 808)	(47 684)
Finance lease liabilities	(26 754)	(33 303)	(26 464)
LOAN-TO-VALUE RATIO	36.0%	34.6%	34.3%

The slight deterioration in the loan-to-value ("LTV") ratio is the result of an increase in financial liabilities which is mainly due to the settlement fee paid to unwind the interest-rate hedges, the Covid-19 rental relief provided to tenants and the increase in arrears, and the capital expenditure incurred on various solar PV projects. We are expecting a further increase in the LTV ratio to 39.7% due to the highly-leveraged nature of the Mall of Thembisa acquisition.

LOAN-TO-VALUE RATIO
AS AT 31 AUG 2020

36.0%





CONDENSED CONSOLIDATED SEGMENT REPORT

R'000	Revenue	Profit from operations	Investment property	GLA (m ²)
Gauteng	159 648	97 065	2 640 505	134 371
Mpumalanga	73 122	44 852	1 402 369	89 737
KwaZulu Natal	55 747	29 054	779 000	58 889
Limpopo	52 085	27 073	779 969	53 165
Eastern Cape	13 587	6 084	187 000	13 597
For the 6 months ended 31 August 2020	354 189	204 128	5 788 843	349 759
Gauteng	151 846	97 376	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
For the 6 months ended 31 August 2019	358 449	223 112	5 609 949	340 122
Gauteng	311 965	269 091	2 640 505	134 371
Mpumalanga	172 245	99 078	1 402 369	89 737
KwaZulu Natal	118 962	95 392	779 000	58 889
Limpopo	114 864	68 709	779 969	53 165
Eastern Cape	26 570	26 817	187 000	13 597
For the 12 months ended 29 February 2020	744 606	559 087	5 788 843	349 759





RECONCILIATION BETWEEN EARNINGS AND DISTRIBUTABLE INCOME

R'000	Unaudited for the 6 months ended 31 Aug 2020	Unaudited for the 6 months ended 31 Aug 2019	Audited for the 12 months ended 29 Feb 2020
Profit for the period attributable to equity holders of Exemplar	91 072	216 154	361 415
Change in fair values of investment properties	(21 021)	(85 638)	(113 780)
Non-controlling interest in fair value adjustment	1 221	8 166	15 332
Straight-line lease income adjustments	(1 795)	(830)	16 917
Non-controlling interest in straight-line lease adjustment	1 417	1 066	1 508
Finance lease liability adjustment - rent paid	(1 573)	(1 481)	(2 359)
Finance lease liability adjustment - interest on finance lease	1 904	2 000	3 403
Non-controlling interest in finance lease liability adjustments	(220)	(260)	(408)
Fair value adjustment to derivative financial instruments	(2 982)	860	22 822
Unamortised portion of the settlement costs of derivative financial instruments	61 897	-	-
Non-controlling interest in unamortised portion of the settlement costs of derivative financial instruments	(6 547)	-	-
Deferred tax movement	(6 477)	170	(9 063)
Antecedent adjustment	-	537	2 590
Distributable income	116 896	140 744	298 377
Number of shares in issue	325 027 765	319 739 136	325 027 765
Number of shares to be issued	-	1 812 327	-
Total number of shares	325 027 765	321 551 463	325 027 765
Number of shares ranking for distribution	325 027 765	321 551 463	325 027 765
Distributable income per share (cents)	35.96489	43.77000	92.26859
Distributable income for the period (R'000)	116 896	140 744	298 377
Interim dividend (R'000)	116 896	140 744	140 744
Dividend per share (cents)	35.96489	43.77000	43.77000
Number of shares	325 027 765	321 551 463	321 551 463
Final dividend (R'000)	-	-	157 633
Dividend per share (cents)	-	-	48.49859
Number of shares	-	-	325 027 765
Dividend per share for the period (cents)	35.96489	43.77000	92.26859



PROSPECTS



Modi Mall | Limpopo

As separately announced, Exemplar has concluded an agreement which is subject to JSE and Competition Commission approval to acquire a 50.1% interest in the Mall of Thembisa, which has a GLA of 44 809m². The effective date of this acquisition will be 20 November 2020. The acquisition is expected to be earnings and value accretive for the Company's shareholders.

Exemplar has also concluded an agreement with AJ Property Holdings to co-develop a new centre of approximately 19 500m² in Mt Frere in the Eastern Cape. This represents a divergence in strategy for Exemplar in that it will be developing as opposed to simply acquiring income-producing properties. Construction has commenced and is expected to be complete and the centre trading in April 2022.



CO-DEVELOP NEW
CENTRE OF

19 500m²
IN MT FRERE



DIVIDEND DECLARATION

Dividend number 5 of 35.96489 cents per share for the 6 months ended 31 August 2020 will be paid to shareholders in accordance with the timetable set out below:

LAST DATE TO TRADE CUM DIVIDEND:

Tuesday, 17 November 2020

SHARES TRADE EX-DIVIDEND:

Wednesday, 18 November 2020

RECORD DATE:

Friday, 20 November 2020

PAYMENT DATE:

Monday, 23 November 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 November 2020 and Friday, 20 November 2020, both days inclusive. The dividend will be transferred to dematerialised shareholders' CSDP/broker accounts on Monday, 23 November 2020. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 23 November 2020.

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

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. This dividend is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that such shareholders provide the following forms to their Central Securities Depository Participant ("CSDP") or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a** a declaration that the dividend is exempt from dividends tax; and
- b** a written undertaking to inform the CSDP, broker or the Company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 28.77191 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a** declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- b** a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the above mentioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.



BASIS OF PREPARATION

These unaudited interim financial results for the period ended 31 August 2020 (“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.

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 29 February 2020.

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 2020 that require additional disclosure or adjustment to the financial statements, other than as disclosed in this announcement.



Diepkloof Square | Gauteng



EXEMPLAR

BY ORDER OF THE BOARD

Exemplar REITail Limited
30 October 2020

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

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