



2024

SUPPLEMENTARY INFORMATION TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND CASH DISTRIBUTION
FOR THE 12 MONTHS ENDED 29 FEBRUARY



Exemplar REITail Limited
(Incorporated in the Republic of South Africa)

Registration number: 2018/022591/06

Approved as a REIT by the JSE

JSE share code: EXP

ISIN: ZAE000257549

LEI: 3789000558287E37F130

("Exemplar" or "the Company" or "the Group")

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HIGHLIGHTS

Total cash distribution for the 12 months ended 29 February 2024 of

138,93645 CENTS PER SHARE

LOAN-TO-VALUE
RATIO OF

36.5%

R14,75 NAV per share

AN
INCREASE
OF

7.35%

Net property
income up

14.9%



www.exemplarREIT.co.za

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Audited as at 29 February 2024	Audited as at 28 February 2023
Assets		
Non-Current Assets		
Investment property	8 508 006	8 045 587
Operating lease asset	199 791	190 145
Property, plant and equipment	76 879	19 865
Loans receivable	24 867	-
Derivative financial instruments	259	-
	8 809 802	8 255 597
Current Assets		
Derivative financial instruments	-	43 131
Loans receivable	32 394	35 192
Trade and other receivables	75 034	70 615
Cash and cash equivalents	42 843	59 219
	150 271	208 157
Total Assets	8 960 073	8 463 754
Equity and Liabilities		
Equity		
Equity Attributable to Equity Holders of Parent		
Stated capital	3 310 533	3 310 533
Retained income	1 626 388	1 371 869
Share-based payment reserve	12 909	3 866
	4 949 830	4 686 268
Non-controlling interest	249 003	224 401
	5 198 833	4 910 669
Liabilities		
Non-Current Liabilities		
Financial liabilities	2 977 116	2 545 877
Lease liabilities	57 161	46 395
Deferred tax	205 830	165 864
	3 240 107	2 758 136
Current Liabilities		
Financial liabilities	285 000	435 000
Trade and other payables	223 012	226 953
Lease liabilities	4 157	3 897
Dividends payable	8 961	12 599
Vendor finance	-	116 500
	521 133	794 949
Total Liabilities	3 761 240	3 553 085
Total Equity and Liabilities	8 960 073	8 463 754
Shares in issue	332 290 686	332 290 686
Net asset value per share (Rand)	14,90	14,10
Net tangible asset value per share (Rand)	14,90	14,10
NAV per share in accordance with SA REIT Association BPR (Rand)	14,75	13,74



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Audited for the year ended 29 February 2024	Audited for the year ended 28 February 2023
Property portfolio	1 219 692	1 047 495
Rental and recovery income	1 210 046	1 006 424
Straight-line lease income adjustments	9 646	41 071
Property operating costs	(435 545)	(354 958)
Net property income	784 147	692 537
Other income	27 579	55 389
Administrative expenses and corporate costs	(64 490)	(50 982)
Investment income	15 902	34 666
Insurance reimbursement on material loss	-	69 166
Finance costs	(287 032)	(200 414)
Fair value adjustments on investment property	360 759	467 611
Fair value adjustments on derivative financial instruments	(42 872)	12 232
Profit before taxation	793 993	1 080 205
Taxation	(39 967)	(51 486)
Profit for the period	754 026	1 028 719
Total comprehensive income attributable to:		
Owners of the parent	708 691	975 342
Non-controlling interest	45 335	53 377
Profit for the period	754 026	1 028 719
Reconciliation between earnings and headline earnings		
Profit for the year attributable to equity holders of Exemplar	708 691	975 342
Fair value adjustment to investment properties	(360 759)	(467 611)
Non-controlling interest in fair value adjustment to investment properties	29 234	31 713
Insurance claim on material loss	-	(69 166)
Headline earnings	377 166	470 278
Number of shares in issue	332 290 686	332 290 686
Weighted average number of shares in issue	332 290 686	332 290 686
Diluted weighted average number of shares in issue	342 090 686	338 115 686
Basic earnings per share (cents)	213,27	293,52
Headline earnings per share (cents)	113,50	141,53
Diluted earnings per share (cents)	207,16	288,46
Diluted headline earnings per share (cents)	110,25	139,09



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Audited for the 12 months ended 29 February 2024

R'000	Stated capital	Retained income	Share-based payment reserve	Non-controlling interest	Total equity
Balance at 28 February 2022	3 310 533	926 319	-	263 932	4 500 784
Profit for the period	-	975 342	-	53 377	1 028 719
IFRS2 charge on share scheme	-	-	3 866	-	3 866
Non-controlling interest acquired	-	(61 367)	-	(69 222)	(130 589)
Dividends declared	-	(468 425)	-	(23 686)	(492 111)
Balance at 28 February 2023	3 310 533	1 371 869	3 866	224 401	4 910 669
Profit for the period	-	708 691	-	45 335	754 026
IFRS2 charge on share scheme	-	-	9 043	-	9 043
NCI arising on acquisition of subsidiary	-	-	-	-	-
Dividends declared	-	(454 172)	-	(20 733)	(474 905)
Balance at 29 February 2024	3 310 533	1 626 388	12 909	249 003	5 198 833



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Audited as at 29 February 2024	Audited as at 28 February 2023
Cash flows from operating activities		
Cash generated from operations	746 437	688 956
Interest income received	15 902	34 666
Finance costs paid	(277 355)	(214 275)
Dividends paid	(478 544)	(490 732)
Net cash from operating activities	6 440	18 615
Cash flows from investing activities		
Additions to investment property	(98 439)	(500 398)
Proceeds on material loss insurance claim	-	69 166
Additions to property, plant and equipment	(59 780)	(7 810)
Loans receivable repaid	2 798	12 392
Loans receivable advanced	(24 867)	-
Vendor finance settled	(116 500)	-
Net cash (utilised in)/from investing activities	(296 788)	(426 650)
Cash flows from financing activities		
Acquisition of non-controlling interest	-	(133 283)
Payment of lease liabilities	(6 028)	(977)
Proceeds from financial liabilities	1 263 000	312 000
Repayment of financial liabilities	(983 000)	-
Net cash from financing activities	273 972	177 740
Total cash movement for the period	(16 376)	(230 295)
Total cash at beginning of the period	59 219	289 514
Total cash at end of the period	42 843	59 219



PROPERTY PORTFOLIO TRADING RESULTS

Rand	Actual			Like-for-like		
	FY2024	FY2023		FY2024	FY2023	
Rental and recovery income	1 210 046 087	1 028 779 650	17.6%	1 051 301 844	965 521 041	8.9%
Rental and recovery income as reported	1 219 692 142	1 047 494 888		1 048 703 827	986 363 269	
Operating lease equalisation	(9 646 055)	(41 070 550)		2 598 017	(20 842 228)	
Insurance proceeds for loss of rent - included in other income	-	22 355 312		-	-	
Property operating costs	(435 544 480)	(354 957 853)	22.7%	(364 022 570)	(326 646 778)	11.4%
Net property income before lease equalisation and fair value adjustments	774 501 607	673 821 797	14.9%	687 279 274	638 874 263	7.6%

NET PROPERTY INCOME GROWTH

Like-for-like net property income growth was 7.6%, a good performance in isolation and outstanding when compared to our peer group.

Net property income is up 14.9% for the portfolio, indicating the positive contribution of the new assets added in the last two years. The effect of the new assets on distributable earnings in FY2024 is only marginally accretive after factoring in associated finance costs. We expect to see the benefits in future years though, as annual escalations in rental combine with the expected decrease in interest rates.

At this stage, we intend to continue with our debt-funded, largely organic growth strategy. Included in our organic growth is the MPD pipeline of developments, which Exemplar has a right of first refusal on, subject always to the asset being of suitable quality and the price being market related. At the time of reporting, MPD is in the ground on two new developments - Madombidzha Mall and Mehlareng Mall, opening on 26 September 2024 and 28 November 2024 respectively - with several others at various stages of pre-construction development.

Mbhashe LG Mall, an Exemplar development, is in construction phase and is scheduled to open on 27 March 2025.

We are also underway with the expansion of Theku Plaza, to be re-named Theku Mall, and scheduled to open on 31 October 2024.

RENTAL AND RECOVERY INCOME

Rental and recovery income has increased by 17.6% to R1,21bn. This is partly a result of the acquisition of Mamelodi Square in February 2023, the opening of KwaBhaca Mall and Bizana Walk in October 2022 and December 2022 respectively, and the completion of the Edendale Mall rebuild in April 2023.

On a like-for-like basis excluding the aforementioned assets, the increase was 8.9%.

INCREASES IN BASE RENTAL

The disclosure of rental and recovery income as a single line item disguises, to an extent, the pressure on base rentals. As we have previously reported, although in most instances we recover the increases in regulated costs, mainly electricity, property rates and other municipal utilities, ultimately tenants can only afford a certain cost of occupancy regardless of the composition thereof. The base rental through rate for the portfolio has increased from R155,95 to R162,35, an increase of 4.1%. On a like-for-like basis, base rental increased by 5.5%.

RENTAL AND
RECOVERY
INCOME
INCREASED BY

17.6%





CONTRACTUAL ESCALATION IN BASE RENTAL

The weighted average contractual rate of escalation in base rental incorporated in our live leases is 6.36%.

TRADING DENSITIES

Trading densities of anchor tenants improved by 2.6% to R4 847/m². This below-inflation increase accords with recently published results of food retailers in the country which all indicate volume decreases in sales. Although the major food anchors continue to open new stores which results in some cannibalisation of their stores, there is no doubt that the depressed economy and high-interest rate environment are negatively affecting consumer spending.

TENANT RETENTION

On renewal of expiring leases, a weighted average increase in base rental of 4.1% has been achieved. During FY2024 GLA of 90 889m² expired. Of this 77 680m² has been renewed. Tenants occupying 5 018 m² indicated that they would not be renewing and of this, 3 106m² has been re-let. Leases in respect of the balance of the expired leases are currently being negotiated and renewed.

WALE

Our weighted average lease expiry as a function of GLA is 34,8 months, and based on current base rental is 34,5 months.

VACANCIES

Vacancies are 3.51%. The rate in respect of the previous year was 3.35%.

PICK N PAY

Our exposure to the Pick n Pay (PnP) group is as follows:

	GLA m ²	Rent Rand p.a.	Share of total rent excluding recoveries %
PnP Corporate	3 103	5 657 470	0.71
QualiSave	8 612	13 864 948	1.73
PnP Franchise	569	900 227	0.11
PnP Clothing	1 435	2 626 298	0.33
PnP Liquor	1 092	2 754 037	0.34
Boxer	12 756	18 825 370	2.35
Boxer Liquor	1 074	2 278 767	0.28
	28 641	46 907 117	5.85

PnP has indicated its preference to convert certain of the PnP stores in our portfolio to Boxer stores, which proposal we are amenable to.

PROPERTY OPERATING COSTS

The increase of 22.7% in property operating costs, which is greater than the 17.6% increase in rental and recovery income, is mainly the result of a larger bad debt expense of R16,8m compared to R2,4m in FY2023. Excluding this expense, the increase would have been 18.5%.

The bad debt expense is attributable to a handful of tenants, the most significant of which is the Post Office, which accounts for R6,2m of the amount. The Post Office was a tenant in 11 of our centres and we have cancelled most of these leases. To date, five of these have been replaced, two are subject to board approval and a further two are being negotiated. Another tenant, which had stores in two centres and arrears of R3,4m, has also been replaced in both locations.



COST-TO-INCOME RATIOS

Rand	FY2024	FY2023
Property operating costs	(435 544 480)	(354 957 853)
Net administrative expenses and corporate costs	(42 559 447)	(27 246 810)
Administrative expenses and corporate costs	(64 489 978)	(50 981 658)
Property management and leasing fees included in other income	21 930 531	23 734 848
Rental and recovery income	1 210 046 087	1 028 779 650
Rental and recovery income before operating lease equalisation	1 210 046 087	1 006 424 338
Loss of rent insurance proceeds included in other income	-	22 355 312
Property costs-to-income ratio	36.0%	34.5%
Property costs-to-income ratio excluding bad debts	34.6%	34.3%

The effect of the higher bad debts can be seen in the property costs-to-income ratio, which has declined from 34.5% to 36.0%. But for the elevated bad debts, the ratio would have been 34.6%, only marginally higher than the 34.3% of the prior year.

In the face of pressure on rentals, we have managed to contain the property operating costs ratio mainly, we believe, because of our in-house approach to property management, which is quite different from the rest of the sector where these functions are largely outsourced. Efficiencies in our cost base continue to be achieved, albeit under difficult conditions as the authorities burden us and our tenants with higher-than-inflationary increases in the payroll component of our security and cleaning costs, not to mention electricity, property rates, water and sewerage.

ADMINISTRATIVE EXPENSES AND CORPORATE COSTS

The increase of R13,51m is mainly a result of the IFRS 2 charge on the share scheme of R9,04m, which is an increase of R5,18m, and the head office payroll increase of R4,38m or 8.6%. Generally speaking, salary increases were inflation-linked but for adjustments for out- or under-performance. The cost in excess of the inflationary increase is due to an increased headcount related to bringing more utilities management services, mainly meter reading and utilities billing, in-house.



PROPERTY COSTS TO
INCOME RATIO

36.0%

FINANCE COSTS

Net finance costs have increased by R105,4m or 63.6%. The vast majority of this increase relates to the year-on-year difference between the sum of net interest earned on positive cash balances and interest paid on debt.

Rand	FY2024	FY2023	Increase
Net finance costs	(271 795 492)	(179 942 251)	(91 853 241)
Interest earned on positive cash balances	6 617 788	11 639 164	
Finance costs on interest bearing debt	(278 413 280)	(191 581 415)	

The increase is partly due to higher interest rates, which are responsible for R42,1m of the increase, and partly the result of more debt, being R49,8m of the increase.

The rate of interest at which we borrow is mainly based on the 3-month JIBAR. At the outset of FY2023, the 3-month JIBAR was 4.217% and ended the year at 7.45%. The closing rate for FY2024, for purposes of calculating our interest payments, was 8.367%. Since then, the rate seems to have stabilised and the market's expectation is that the next move will be downwards. Other than at the outset, we chose not to fix rates through the hiking cycle as our view was that the cost of doing so was not justified. The hedges that we did have in place have mostly expired. Although rates seem to have plateaued, they have remained elevated as a consequence of sticky inflation. We are of the view that now is not the time to lock in, but our intention would be to do so when market conditions are more favourable. At this stage, our interest cover ratio is very healthy at 2,76 times which mitigates, to an extent, the risk of the floating rate.

With regards to the increase in net finance costs in FY2024 and the portion of the increase relating to increased debt, such interest-bearing debt has increased by R164,7m or

5.32% relative to the balance at 2023. It seems infeasible that the increase of R49,8m in net finance costs can be the result of the increase in debt. However, what is not evident from the year-end debt balances is that for much of FY2023 we were able to use the proceeds of the insurance settlement following the riots of July 2021 to temporarily reduce our debt while we rebuilt the damaged centres.

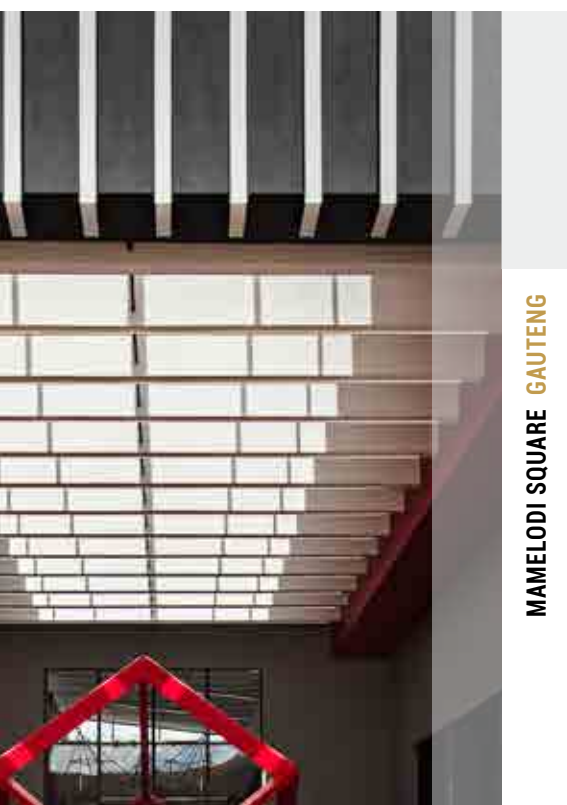
The increase in interest-bearing debt in FY2024 is entirely attributable to capital projects including:

- completing the rebuild of Edendale Mall (R23,8m);
- the Theku Plaza expansion (R14,4m);
- Mbhashe LG Mall (R14,1m);
- the completion of KwaBhaca Mall and Bizana Walk (R25,5m);
- various small capital projects at certain centres (R8,4m);
- the rollout of additional solar projects (R38,2m); and
- the construction of our new head office building in Centurion, Gauteng (R59,2m). The new head office was necessitated quite simply by the need for more space, for the anticipated increase in staffing complement to handle the growing portfolio and the anticipated growth into the future.

FAIR VALUE ADJUSTMENTS TO INVESTMENT PROPERTY

Our entire portfolio is valued annually by an independent property valuer. The fair value adjustment of R360,8m equates to an increase of 4.32% on the prior year's fair value plus the current year's additions. In light of the 7.6% growth in like-for-like net property income, this would appear to be a very reasonable fair-value adjustment.

The weighted average capitalisation rate applied in the valuations is 9.12% (FY2023: 9.10%).



MAMELODI SQUARE GAUTENG

LOAN-TO-VALUE RATIO

Rand	FY2024	FY2023
Financial liabilities	3 262 115 645	2 980 876 967
Vendor Finance	-	116 500 000
Cash and cash equivalents	(42 843 244)	(59 218 534)
Derivative financial instruments	(258 857)	(43 131 204)
Net debt	3 219 013 544	2 995 027 229
Carrying amount of property related assets	8 811 680 406	8 258 307 839
Total assets per statement of financial position	8 960 072 949	8 463 754 080
Cash and cash equivalents	(42 843 244)	(59 218 534)
Derivative financial instruments	(258 857)	(43 131 204)
Staff share scheme loans	(30 256 256)	(32 480 916)
Trade and other receivables	(75 034 186)	(70 615 587)
	36.5%	36.3%

The LTV remains healthy at 36.5%, only marginally up on last year's 36.3% and certainly leaves significant room to debt-fund further developments and acquisitions.

NET ASSET VALUE

Rand	FY2024	FY2023
Reported net asset value	4 949 830 786	4 686 269 146
Distribution to be declared	(248 102 336)	(240 602 018)
Derivative financial instruments	(258 857)	(43 131 204)
Deferred tax liability	205 830 401	165 863 720
Non-controlling interest in deferred tax liability	(4 604 983)	(2 649 124)
Total net asset value	4 902 695 011	4 565 750 520
Number of shares in issue	332 290 686	332 290 686
NET ASSET VALUE PER SHARE	14,75	13,74

Net asset value per share has improved to R14,75 - an increase of 7.35%.

As a reasonability check on our NAV per share, we have applied the weighted average capitalisation rate on our investment property portfolio of 9.12% to our FY2024 distribution of 138,93645 cps, which implies a value per share of R15,23. We suggest that this makes it difficult to argue that an Exemplar share should be valued at a discount to NAV.

Admittedly, the lack of trade in the Exemplar share makes it difficult to establish a market view of the fair value of the share. This is something that we are acutely aware of and that we are actively trying to remedy through the issue of new equity and broadening of the shareholder base. Creating liquidity in the share will also provide an additional path to growth as our shares become accepted currency. However, it is not an initiative that we will implement at all costs and to the detriment of existing shareholders. We believe vehemently in the value of our Company and know that we offer a growth proposition few in the sector can match.



DISTRIBUTION HISTORY

Cents per share	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019 (9 months)
Interim	64,27220	68,71483	45,34446	35,96489	43,77000	19,10000
Final	74,66425	72,40709	72,25371	49,06666	48,49859	42,74000
	138,93645	141,12192	117,59817	85,03155	92,26859	61,84000

The FY2024 distribution of 138,93645 cents per share is 1.55% down on the prior year. It should be noted that the FY2023 distribution was supported by the significantly lower finance costs in that year resulting from the temporary reduction in debt whilst we rebuilt the looted and damaged centres. Despite some volatility in distributions from year-to-year, almost entirely as a consequence of Covid-19 and the riots, the trend is clear. The CAGR in distributions since FY2020 is 10.77% and that of the NAV per share is 7.54%, for an effective annual total return of 18.31%.

We expect the trend to continue. We will continue to expand the portfolio whilst remaining cognisant of maintaining reasonable gearing levels. There are more exciting prospects in the pipeline which we will report on in due course. Interest rates have likely peaked in this cycle and sooner or later the cuts will come. More importantly, however, the fundamentals of the portfolio are sound and our management structures are strong. We look forward to delivering another set of outstanding results to our shareholders next year and beyond.

The distribution to be paid to shareholders for the six months ended 29 February 2024 of 74,66425 cents per share will consist of a dividend of 57,03275 cents per share and a return of contributed tax capital of 17,63150 cents per share.



CONDENSED CONSOLIDATED SEGMENT ANALYSIS

2024	GLA m ²	Investment property R	Rental income and recoveries R	Property operating expenses R	Change in fair values R	Net property income including fair value adjustments R
Gauteng	181 133	4 263 330 203	587 749 645	(177 366 663)	197 394 254	607 777 236
Mpumalanga	85 924	1 592 199 988	217 350 796	(85 223 263)	57 738 389	189 865 922
KwaZulu-Natal	55 421	874 381 625	147 100 628	(63 929 807)	13 039 985	96 210 805
Limpopo	52 639	1 064 497 720	154 115 252	(64 696 544)	76 382 621	165 801 329
Eastern Cape	39 414	713 596 045	113 375 821	(44 328 203)	16 203 510	85 251 128
	414 530	8 508 005 581	1 219 692 142	(435 544 480)	360 758 759	1 144 906 421

2023	GLA m ²	Investment property R	Rental income and recoveries R	Property operating expenses R	Change in fair values R	Net property income including fair value adjustments R
Gauteng	181 170	4 080 196 799	533 441 123	(154 236 602)	222 739 633	601 944 154
Mpumalanga	85 924	1 532 263 973	204 777 424	(78 134 896)	83 295 725	209 938 253
KwaZulu-Natal	48 770	799 635 619	117 074 857	(43 011 293)	45 903 471	119 967 035
Limpopo	52 664	963 137 346	139 504 645	(56 908 506)	68 809 446	151 405 585
Eastern Cape	39 414	670 353 347	52 696 839	(22 666 556)	46 862 751	76 893 034
	407 942	8 045 587 084	1 047 494 888	(354 957 853)	467 611 026	1 160 148 061

TSHAKHUMA MALL LIMPOPO

TSHAKHUMA MALL



FOR AND ON BEHALF OF THE BOARD

EXEMPLAR REITAIL LIMITED

27 May 2024

EXECUTIVE DIRECTORS

Jason McCormick (CEO)

DA Church (CFO)

John McCormick (Executive director)

INDEPENDENT NON-EXECUTIVE DIRECTORS

FM Berkeley (Chairman)

PJ Katzenellenbogen (Lead independent)

GVC Azzopardi

N Mandindi

EP Maponya

COMPANY SECRETARY

Ananda Booysen BA(Hons) LLB LLM

REGISTERED OFFICE

204 Von Willich Avenue, Clubview, Centurion, 0157

PO Box 12169, Clubview, 0014

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue

Rosebank, Johannesburg, 2196

Private Bag X9000, Saxonwold, 2132

+27 11 370 5000

AUDITOR

BDO South Africa Incorporated

SPONSOR

Java Capital





ALEX MALL GAUTENG



EXEMPLAR

EXEMPLAR REITAIL LIMITED

204 Von Willich Avenue

Clubview

Centurion


Gauteng


0157

012 660 3020

info@exemplarREIT.co.za

www.exemplarREIT.co.za

/ExemplarREITail 

@ERetail 

Exemplar-REITail 