

EXEMPLAR REITAIL 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")

UNAUDITED INTERIM RESULTS FOR THE 3 MONTHS ENDED 31 AUGUST 2018  
Condensed Consolidated Statement of Financial Position

	Unaudited as at
R'000	31 Aug 2018
Non-current assets	5 204 237
Investment Property	4 962 830
Operating Lease Asset	159 434
Property, Plant and Equipment	526
Loans Receivable	81 447
Current assets	110 301
Cash and Cash Equivalents	74 525
Trade and Other Receivables	35 776
TOTAL ASSETS	5 314 538
EQUITY	
Total equity	3 295 075
Shareholders' interest	3 171 028
Stated Capital	3 055 290
Retained Earnings	115 738
Non-controlling Interest	124 047
Non-Current Liabilities	1 864 855
Financial Liabilities	1 781 045
Deferred Taxation	83 810
Current Liabilities	
Trade and Other Payables	154 608
TOTAL EQUITY AND LIABILITIES	5 314 538
Shares in issue	305 871 896
Net asset value per share (Rand)	10.37
Net tangible asset value per share (Rand)	10.37
Net asset value per share (excluding deferred tax) (Rand)	10.64
Net tangible asset value per share (excluding deferred tax) (Rand)	10.64

Condensed Consolidated Statement of Comprehensive Income

	Unaudited for the
	3 months ended
	31 Aug 2018
R'000	
Property portfolio	166 724
Rental income and recoveries	162 448
Straight-line lease income adjustments	4 276
Property operating expenses	(59 593)
Net rental and related income	107 131
Other income	2 725
Administrative expenses and corporate costs	(6 853)
Profit from operations	103 003
Interest income	2 369
Finance costs	(41 018)
Profit before fair value adjustments	64 354
Fair value adjustments	58 584
Profit before taxation	122 938
Taxation	-
Total profit for the period	122 938
Total profit attributable to:	
Equity holders of Exemplar	115 738
Non-controlling interests	7 200
Total profit for the period	122 938

Reconciliation between earnings and headline earnings

	Unaudited for the
	3 months ended
	31 Aug 2018
Rand	
Profit for the year attributable to equity holders of Exemplar	115 738
Change in fair values of investment properties	(58 584)
Non-controlling interest in fair value adjustment	4 776
Headline earnings	61 930
Number of shares in issue	305 871 896
Weighted average number of shares in issue	305 871 896
Basic and diluted earnings per share (cents)	37.84
Headline earnings per share (cents)	20.25

Condensed Consolidated Statement of Changes in Equity

	Unaudited for the period ended			
	31 Aug 2018			
R'000	Stated capital	Retained earnings	Non-controlling interest	Total
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
Balance at 31 August 2018	3 055 290	115 738	124 047	3 295 075

Condensed Consolidated Statement of Cash Flows

	Unaudited for the
	3 months ended
	31 Aug 2018
R'000	
Cash generated from operations	99 587
Interest income	2 369
Finance costs	(41 018)
Cash inflow from operating activities	60 938
Additions to investment property	(1 353)
Cash outflow to investing activities	(1 353)
Proceeds from the issue of share capital	106 778
Share issue expenses	(21 964)
Decrease in financial liabilities	(69 874)
Cash inflow to financing activities	14 940
Net increase in cash and cash equivalents	74 525
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	74 525

## COMMENTARY

### Introduction

Exemplar was incorporated as a public company on 17 January 2018 and listed on the main board of the JSE on 12 June 2018 in the "Retail REITs" sector. It holds a portfolio of income generating properties that were acquired in a sequence of transactions with an effective date of 1 June 2018. The properties were all developed by the Company's biggest shareholder, McCormick Property Development (Pty) Ltd ("MPD"). MPD continues to develop its significant pipeline of greenfields projects which, if disposed of by MPD, will be offered to Exemplar on a right of first refusal basis. This access to a pipeline of value and yield enhancing properties is a key differentiator for Exemplar and will contribute to the Company's objective of growing its base of quality assets, earnings and distributions, thereby improving shareholder value.

### Financial results

Notwithstanding its date of incorporation, prior to 1 June 2018 Exemplar was not trading and hence the interim results reflect the results of its operations for the 3 months ended 31 August 2018. As this is the first period of trading, no comparative information has been presented.

Exemplar has declared a maiden dividend of 19.10 cents per share for the 3 months ended 31 August 2018.

### Property portfolio

Exemplar holds, either directly or indirectly, a portfolio of 20 income generating shopping malls in peri-urban townships and rural areas of South Africa. The properties are all internally managed. The properties were internally valued by the directors at the reporting date at R5,1 billion. This valuation represents an increase of 3.9% relative to the valuation prepared by the independent valuer, Quadrant Properties (Pty) Ltd, at 1 December 2017, as reflected in the prospectus dated 30 May 2018 ("the prospectus").

Investment Property carrying value reconciliation:	R'000
Investment Property	4 962 830
Operating Lease Asset	159 434
Operating Lease Liability (Included in Trade and Other Payables)	(21 869)
	5 100 396

### Acquisitions

As detailed in the prospectus, Exemplar agreed to acquire the ModiMall and Kwagga Redevelopments from the vendors on their completion. The ModiMall Redevelopment has been completed to the satisfaction of Exemplar. In accordance with the agreement, 6 314 284 Exemplar shares will be issued to the vendors on or about 26 November 2018. The Kwagga Redevelopment is expected to be completed and handed over on or about 1 December 2018.

### Vacancies and arrears

As at 31 August 2018 the average vacancy rate across the portfolio was 2.93% of GLA which compares favourably to the vacancy rate disclosed in the prospectus of 3.1%. All arrears have been fully provided.

### Borrowings and interest rate hedging

Total facilities available to the Company at the reporting date amounted to R1,9 billion of which R1,781 billion had been utilised at the reporting date. R200 million of the total facilities are structured as a revolving credit facility against which surplus funds are deposited such that as at the date of this announcement the revolving credit facility was entirely unutilised. The Company's average cost of borrowing is 3 month JIBAR plus 1.86%.

Subsequent to the reporting date the Company has entered into the following sequence of collar and cap transactions to hedge its interest rate exposure:

	Fixed rate payer	Floating rate payer	Cap/Floor rate (3m JIBAR)	Notional
Interest rate cap	Exemplar	Counterparty	7.25%	R1.1bn
Interest rate cap	Counterparty	Exemplar	8.75%	R1.1bn
Interest rate collar	Exemplar	Counterparty	7.00%	R1.1bn
Interest rate cap	Exemplar	Counterparty	7.25%	R600m
Interest rate cap	Counterparty	Exemplar	8.00%	R600m
Interest rate collar	Exemplar	Counterparty	7.00%	R600m

The above arrangements terminate on 4 October 2021.

### Segment analysis

R'000	Revenue	Profit from operations	Investment property	GLA (m2)
Gauteng	69 413	45 642	2 333 750	123 573
Mpumalanga	36 899	25 115	1 158 744	81 079
KwaZulu Natal	25 992	14 244	745 071	59 224
Limpopo	24 441	13 836	684 401	55 058
Eastern Cape	5 703	3 606	178 430	13 597
Exemplar H/O	-	560	-	-
Total	162 448	103 003	5 100 396	332 531

### Reconciliation between earnings and distributable income

	Unaudited for the 3 months ended 31 Aug 2018
Rand	115 738
Profit for the year attributable to equity holders of Exemplar	(58 584)
Change in fair values of investment properties	4 776
Non-controlling interest in fair value adjustment	(4 276)
Straight-line lease income adjustments	752
Non-controlling interest in straight-line lease adjustment	58 406
Distributable income	
Number of shares in issue	305 871 896
Weighted average number of shares in issue	305 871 896
Distributable income per share (cents)	19.10

### Prospects

The board of directors of Exemplar is confident that the Company will deliver the forecast distribution of at least 61.37 cents per share for the 9 months ending 28 February 2019 as detailed in

the prospectus.

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 1 of 19.10000 cents per share for the 3 months ended 31 August 2018 will be paid to shareholders in accordance with the timetable set out below:

Last date to trade cum dividend	Tuesday, 20 November 2018
Shares trade ex dividend	Wednesday, 21 November 2018
Record date	Friday, 23 November 2018
Payment date	Monday, 26 November 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 November 2018 and Friday, 23 November 2018, both days inclusive. The dividend will be transferred to dematerialised shareholders' CSDP/broker accounts on Monday, 26 November 2018. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 26 November 2018.

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 2018 ("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. The accounting policies applied are consistent with those disclosed in the prospectus.

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, Grant Thornton Johannesburg.

The directors are not aware of any matters or circumstances arising subsequent to 31 August 2018 that require additional disclosure or adjustment to the financial statements, other than as disclosed in this announcement.

By order of the board

Exemplar REITail Limited

2 November 2018

Executive directors	Non-executive directors
Jason McCormick (CEO)	FM Berkeley (Chairman)
DA Church (CFO)	PJ Katzenellenbogen (Lead independent director)
John McCormick (Executive director)	GVC Azzopardi
	EP Maponya

Company Secretary

A Booysen BA(Hons) LLB

Registered Office

Sokatumi Estate, Cnr 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

Grant Thornton Johannesburg

Sponsor

Java Capital