EXEMPLAR

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

GENERAL INFORMATION

REGISTERED NAME
Exemplar REITail Limited

COMPANY REGISTRATION NUMBER
2018/022591/06

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
Exemplar REITail is a market leader in the ownership and management of rural and township retail real estate in South Africa

EXECUTIVE DIRECTORS
Church, DA
McCormick, J (Jason)
McCormick, J (John)

NON-EXECUTIVE DIRECTORS
Azzopardi, GVC
Berkeley, FM
Katzenellenbogen, PJ
Maponya, EP

REGISTERED OFFICE AND BUSINESS ADDRESS
Corner Lyttelton Road and Leyden Avenue
Clubview
Centurion
0157

AUDITOR
BDO South Africa Incorporated
Chartered Accountants (S.A.)
Registered Auditor

LEVEL OF ASSURANCE
These Group and Company financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

PREPARER
The financial statements were internally compiled by: C.R. Sansom (BComm (Acc), PGDipTax) under the supervision of D.A. Church (Chief Financial Officer (BCompt (Hons), CA(SA)).

CONTENTS

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the Group and Company financial statements and related financial information included in this report. It is their responsibility to ensure that the Group and Company financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of its operations and cash flows for the financial year then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the Group and Company financial statements.

The Group and Company financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and Company and all employees are required to maintain the highest ethical standards in ensuring the Group and Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Group and Company financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's and Company's cash flow forecast for the period to 28 February 2022 and, in light of this review and the current financial position, they are satisfied that the Group and Company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group and Company financial statements. The Group and Company financial statements have been examined by the Group and Company's external auditor and their report is presented on pages 10 to 13.

DECLARATION BY GROUP CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors whose names are stated below hereby confim that:

(a) the consolidated and separate annual financial statements set out on pages 14 to 74, fairly present in all material respects the financial position, financial performance and cash flows of Exemplar REITail Limited in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to Exemplar REITail Limited and its consolidated subsidiaries has been provided to effectively prepare the financial statements; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code on Corporate Governance for South Africa, 2016 (King IV)*. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The Group and Company financial statements set out on pages 14 to 74, which have been prepared on the going concern basis, were approved by the board of directors on 21 May 2021 and were signed on their behalf by:

JASON MCCORMICK
Chief Executive Officer

DUNCAN ALAN CHURCH
Chief Financial Officer

DECLARATION BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, and in my capacity as company secretary, I hereby certify that, to the best of my knowledge, Exemplar REITail Limited has filed the required returns and notices with the Companies and Intellectual Property Commission as are required in terms of the Companies Act, for the year ended 28 February 2021, and that all such returns and notices appear to be true, correct, and up to date.

ANANDA BOOYSEN
Company Secretary
21 May 2021

AUDIT AND RISK COMMITTEE REPORT

MEMBERS

Peter J Katzenellenbogen (Chair)
Frank M Berkeley
Elias P Maponya

The Audit and Risk Committee is pleased to present its report for the financial year ended 28 February 2021.

FUNCTION AND COMPOSITION OF THE COMMITTEE

The committee operates in accordance with the duties detailed in section 94(7)(f) of the Companies Act, King IV, the Company's memorandum of incorporation and the JSE Listings Requirements. The responsibilities of the committee have been codified in the committee charter, which was updated and approved by the board in February 2021. The key functions of the committee include ensuring the integrity of financial reporting and the audit process, overseeing integrated reporting, reviewing the Company's finance function, overseeing risk, compliance, and the governance of technology and information.

Members of the committee are subject to re-election by shareholders at each AGM. The committee meets at least three times per year and special meetings are convened when required. Attendance at the committee meetings is set out in the corporate governance review contained in the Company's integrated annual report.

The committee assesses its performance on an annual basis. The outcome of the current evaluation was satisfactory and the board is of the view that the chair of the committee has the requisite experience in accounting and financial management.

ACTIVITIES OF THE COMMITTEE DURING FY2021

INTERNAL AUDIT

The committee is responsible for overseeing the internal audit function, which is performed by Moore Johannesburg ('**Moore**'). Moore conducts specific ad hoc audits as instructed by management and the committee. Moore completed their audit of technology and information and the committee ensured that management implemented the required solutions. The next internal audit, which is in respect of recoveries income, is underway.

EXTERNAL AUDITORS

The committee is satisfied that BDO South Africa Incorporated ('**BDO**'), as the external auditors, and Garron Chaitowitz, as the engagement audit partner, are independent of the Company. The committee has reviewed the information detailed in paragraphs 3.84(g)(iii) ad 22.15(h) of the JSE Listings Requirements and concluded that BDO and the engagement audit partner are suitable and have the requisite competence, expertise and experience to discharge their responsibilities.

The committee has reviewed BDO's terms of engagement, including the provision of non-audit services, their performance and effectiveness, the proposed audit fee for the year and their report on the annual financial statements. The committee nominates and recommends BDO as auditors, with Garron Chaitowitz as the engagement audit partner, for shareholder approval at the upcoming AGM.

FINANCE FUNCTION REVIEW

The committee considered and has satisfied itself of the resources and expertise of the Company's finance function and of the CFO, who is responsible for the finance function.

RISK MANAGEMENT AND COMPLIANCE

The committee has oversight of the Company's risk management and compliance functions and is satisfied that appropriate risk management processes are in place. The policies prohibit the Company from entering into any derivative transactions not in the ordinary course of business, which policies have been complied with in all material respects.

The committee is satisfied that adequate compliance processes are in place and dealt with any disclosures made via the fraud and ethics hotline.

FINANCIAL STATEMENTS AND THE INTEGRATED ANNUAL REPORT

The committee is satisfied that the internal financial controls have been effective in all material respects and underpin the basis for the preparation of reliable annual financial statements. In addition, the committee has approved the accounting policies applied in the preparation of the annual financial statements.

The committee reviewed the annual financial statements for the year ended 28 February 2021, is of the view that they comply in all material respects with IFRS and recommended them for approval by the board of directors.

The committee also reviewed this IAR and is satisfied that the information is reliable, consistent, fairly represented, prepared in accordance with appropriate reporting standards and conforms to the requirements of King IV and the JSE Listings Requirements. The committee recommended the IAR for approval by the board of directors.

GOING CONCERN STATUS AND SOLVENCY AND LIQUIDITY

The committee reviewed the going concern assertion by management and recommended it for approval by the board. It is satisfied that, as required in terms of sections 4 and 46 of the Companies Act, the board performed a solvency and liquidity test and concluded that the Company will satisfy the test after payment of the final dividend. The solvency and liquidity test was also performed at the interim distribution stage.

PETER J KATZENELLENBOGEN
Chair: Audit and Risk Committee
21 May 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the Group and Company financial statements of Exemplar REITail Limited for the year ended 28 February 2021.

Exemplar is a listed Real Estate Investment Trust (REIT), which owns and manages township and rural retail real estate. The Company was incorporated on 17 January 2018 and commenced trading on 1 June 2018.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently with those reflected in note 1.

Full details of the financial position, results of operations and cash flows of the Group and Company are set out in these Group financial statements.

STATED CAPITAL

The Company's authorised share capital comprises 5 000 000 000 ordinary shares of no par value.

As at 29 February 2020, the Company had 325 027 765 shares in issue. On 10 December 2020, 7 262 921 shares were issued at R10,82 each in respect of the acquisition of Mall of Thembisa (Pty) Ltd.

As at the date of this report, the Company had 332 290 686 shares in issue.

DIVIDENDS

The Group's dividend policy is to consider declaration of an interim and a final dividend in respect of each financial period. At its discretion, the board of directors may consider a special dividend, where appropriate.

A final dividend of 48,49589 cents per share was paid on 15 June 2020 to the Company's shareholders for the six months ended 29 February 2020. This dividend equated to a total of R 157 633 876. An interim dividend in respect of the six months ended 31 August 2020 of 35,96489 cents per share was declared on 29 October 2020 and paid on 23 November 2020 to the Company's shareholders. This dividend equated to a total of R 116 895 874. Dividends totalling R 2 988 882 were paid to the non-controlling shareholders in three subsidiary companies.

Total dividends declared and paid by the Group after the clawback of antecedent adjustments in respect of the various acquisitions was therefore R 276 913 206.

The dividends have been declared from distributable earnings and meet the requirement of a REIT 'qualifying distribution' for purposes of section 25BB of the Income Tax Act 58 of 1962 (as amended).

The board of directors has approved a final dividend of 49,06666 cents per share.

The Company uses distribution per share as its key performance measure for JSE Trading Statement purposes.

DIRECTORS' INTERESTS

DIRECTORS' INTERESTS IN EXEMPLAR SHARES

John McCormick and Jason McCormick are beneficiaries of the John McCormick Family Trust (JMFT), which is a 0.69% (2020: 0.71%) shareholder of Exemplar and owns 2 299 385 shares in the Company. Additionally, both are directors of McCormick Property Development (Pty) Ltd (MPD), which is a 60.28% (2020: 59.40%) shareholder of Exemplar and owns 200 318 534 (2020: 193 055 613) shares in the Company.

Set out below are the names of directors of the Company and major subsidiaries that, directly or indirectly, are beneficially interested in Exemplar shares in issue at the last practicable date. No directors have resigned from the Company since the date of incorporation of the Company.

2021 Directors	Beneficially held					
	Directly	Indirectly	Associate	Total	%	Number of shares subject to security, guarantee, collateral or otherwise
Church, DA	1	3,771,301	-	3,771,302	1.13%	-
McCormick, J (Jason)	-	3,213,751	-	3,213,751	0.97%	3,206,576

2020 Directors	Beneficially held					
	Directly	Indirectly	Associate	Total	%	Number of shares subject to security, guarantee, collateral or otherwise
Church, DA	1	3,771,301	-	3,771,302	1.16%	-
McCormick, J (Jason)	-	3,213,751	-	3,213,751	0.99%	3,206,576

The JMFT further has interests in the following shareholders of Exemplar and is able to exercise or control more than 35% of the voting rights of these entities which are therefore considered associates.

2021

Associates	Beneficially held by the associate				JMFT interest in the associate	Number of shares subject to security, guarantee, collateral or otherwise
	Directly	Indirectly	Total	%	%	Total
Blouberg Mall (Pty) Ltd	14,557,154	-	14,557,154	4.38%	80.00%	11,645,724
Diepkloof Plaza (Pty) Ltd	16,440,379	-	16,440,379	4.95%	40.00%	6,527,175
Olievenhout Plaza (Pty) Ltd	12,810,228	-	12,810,228	3.86%	100.00%	12,810,228
Modjadji Plaza (Pty) Ltd	7,924,040	-	7,924,040	2.38%	100.00%	7,924,040

2020

Associates	Beneficially held by the associate				JMFT interest in the associate	Number of shares subject to security, guarantee, collateral or otherwise
	Directly	Indirectly	Total	%	%	Total
Blouberg Mall (Pty) Ltd	14,557,154	-	14,557,154	4.48%	80.00%	11,645,724
Diepkloof Plaza (Pty) Ltd	16,440,379	-	16,440,379	5.06%	40.00%	6,527,175
Olievenhout Plaza (Pty) Ltd	12,810,228	-	12,810,228	3.94%	100.00%	12,810,228
Modjadji Plaza (Pty) Ltd	7,924,040	-	7,924,040	2.44%	100.00%	7,924,040

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS

Save as disclosed in the above and disclosed in note 33 - Directors' Emoluments, none of the directors of the Company, has or had any material beneficial interest, direct or indirect, in transactions that were effected by the Group during the current financial year or immediately preceding the financial year or during any earlier financial year and which remain in any respect outstanding.

GOING CONCERN

The directors believe that the Group and Company have adequate financial resources to continue in operation for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis. This assessment is supported by the Group's budgeted increase in rentals on renewals and planned renegotiation of debt facility terms. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

AUDITOR

BDO South Africa Incorporated were appointed as auditors for the Group for 2021 in accordance with section 90 of the Companies Act of South Africa.

At the AGM, the shareholders will be requested to reappoint BDO South Africa Incorporated as the independent external auditor of the Group and to confirm Mr Garron Chaitowitz as the designated engagement audit partner for the 2022 financial period.

SECRETARY

The company secretary is Miss A. Booysen.

The Group financial statements set out on pages 14 to 74, which have been prepared on the going concern basis, were approved by the board of directors on 21 May 2021, and were signed on their behalf by:

JASON MCCORMICK
Chief executive officer

DUNCAN ALAN CHURCH
Chief financial officer

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EXEMPLAR REITAIL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Exemplar REITail Limited (the Group and Company) set out on pages 14 to 72, which comprise the consolidated and separate statements of financial position as at 28 February 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Exemplar REITail Limited as at 28 February 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property **Group and Company** Significant judgements and estimates are required by the directors in determining the fair value of investment property. The Portfolio is valued annually by an external independent valuator - Quadrant Properties Proprietary Limited. The valuations were based on discounted cash flow and income capitalisation models. Note 3 Investment property sets out the most significant inputs into valuations, all of which are unobservable. The valuation of investment property is considered a key audit matter due to the significance of the balance, the significant judgements and estimates associated with determining fair value and the sensitivity of the valuations to changes in assumptions.	**We performed the following procedures amongst others:** • Assessed the competency, capability and objectivity of the independent valuator. This included verifying professional qualifications and registrations and making an assessment of the independence and appropriateness of the valuator used; • With the assistance of our internal valuation specialist, compared the significant assumptions and judgements against historical inputs and market data, where available, and investigated unexpected movements; • For all properties the calculations were scrutinised for accuracy, the inputs for reasonableness and the valuations recomputed; • The forecast revenue applied in the first year of both the discounted cash flow (DCF) model and income capitalisation model was assessed for reasonability. The inputs, used to generate the revenue forecast, were agreed to underlying contracts and compared to the current year revenue for reasonability; • The projected property expenses applied in the first year of both the DCF model and income capitalisation model was assessed for reasonability. This was performed by comparison to actual expenses in the current financial period; • We assessed the reasonability of revenue and expense growth rates in the DCF model subsequent to the initial forecast year to underlying lease information, available industry data for similar investment properties and our knowledge of the client; • Performed additional procedures to conclude that the impact of COVID-19 had been appropriately considered for its impact on the investment property at the financial year end; and • In addition, we reviewed the completeness and adequacy of the disclosure in the financial statements, including disclosure on significant inputs and sensitivity analysis.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled 'Exemplar REITail Limited Annual Financial Statements for the year ended 28 February 2021', which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and /or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Exemplar REITail Limited for 3 years.

BDO South Africa Inc

BDO SOUTH AFRICA INCORPORATED
Registered Auditors

G M CHAITOWITZ
Director
Registered Auditor

25 May 2021

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Assets					
Non-Current Assets					
Investment property	3	6,410,621,712	5,663,873,398	3,188,204,151	3,281,834,183
Investments in subsidiaries	4	-	-	925,473,269	927,225,144
Operating lease asset	3	157,835,460	151,434,098	97,698,062	103,272,165
Property, plant and equipment	5	4,542,866	1,124,329	1,466,183	652,394
Derivative financial instruments	13	17,080,649	-	9,216,042	-
		6,590,080,687	**5,816,431,825**	**4,222,057,707**	**4,312,983,886**
Current Assets					
Loans to subsidiaries	6	-	-	1,492,158,541	1,214,310,428
Loans receivable	7	49,908,302	220,791,624	45,290,167	215,172,823
Trade and other receivables	8	57,954,735	46,924,878	26,855,922	28,945,729
Cash and cash equivalents	9	40,662,301	47,683,869	31,089,109	33,896,158
		148,525,338	**315,400,371**	**1,595,393,739**	**1,492,325,138**
Total Assets		**6,738,606,025**	**6,131,832,196**	**5,817,451,446**	**5,805,309,024**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Stated capital	10	3,310,533,449	3,235,817,139	3,310,533,449	3,235,817,139
Retained income		323,814,454	364,706,358	157,878,843	305,977,651
		3,634,347,903	3,600,523,497	3,468,412,292	3,541,794,790
Non-controlling interest	11	206,434,950	157,716,367	-	-
		3,840,782,853	**3,758,239,864**	**3,468,412,292**	**3,541,794,790**
Liabilities					
Non-Current Liabilities					
Financial liabilities	12	1,713,332,792	2,062,810,894	1,278,332,792	2,062,810,894
Derivative financial instruments	13	-	26,465,388	-	26,465,388
Lease liabilities	14	24,019,573	23,745,724	12,498,483	13,062,315
Deferred tax	15	103,080,836	85,739,980	66,232,820	55,035,285
		1,840,433,201	**2,198,761,986**	**1,357,064,095**	**2,157,373,882**
Current Liabilities					
Financial liabilities	12	856,000,000	-	856,000,000	-
Trade and other payables	16	198,543,265	166,639,074	80,769,772	72,068,483
Lease liabilities	14	2,846,706	2,718,432	2,167,191	2,100,692
Loans from subsidiaries	17	-	-	53,038,096	31,971,177
Dividend payable		-	5,472,840	-	-
		1,057,389,971	**174,830,346**	**991,975,059**	**106,140,352**
Total Liabilities		**2,897,823,172**	**2,373,592,332**	**2,349,039,154**	**2,263,514,234**
Total Equity and Liabilities		**6,738,606,025**	**6,131,832,196**	**5,817,451,446**	**5,805,309,024**

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2021

		GROUP		COMPANY	
	Notes	2021 R	2020 R	2021 R	2020 R
Rental income and recoveries	18	789,205,961	727,689,878	435,682,524	424,312,320
Property operating costs	19	(293,282,779)	(263,067,559)	(163,443,144)	(150,334,002)
Gross profit		**495,923,182**	**464,622,319**	**272,239,380**	**273,978,318**
Other income	20	16,827,870	14,976,540	20,965,740	19,844,994
Administrative expenses and corporate costs		(32,621,784)	(32,885,444)	(26,946,323)	(28,249,502)
Operating profit	21	**480,129,268**	**446,713,415**	**266,258,797**	**265,573,810**
Investment income	22	23,753,876	26,759,863	163,356,026	234,166,140
Impairment loss	23	-	-	(29,278,003)	-
Finance costs	24	(254,754,827)	(184,415,514)	(207,713,547)	(182,900,199)
Fair value adjustments on investment property		(39,523,959)	113,779,867	(91,281,652)	82,559,845
Fair value adjustments on derivative financial instruments		43,546,036	(22,822,346)	35,681,430	(22,822,346)
Profit before taxation		**253,150,394**	**380,015,285**	**137,023,051**	**376,577,250**
Taxation	25	(17,340,855)	9,063,012	(11,197,535)	8,271,804
Profit for the period		**235,809,539**	**389,078,297**	**125,825,516**	**384,849,054**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**235,809,539**	**389,078,297**	**125,825,516**	**384,849,054**
Profit attributable to:					
Owners of the parent		231,517,519	361,415,184		
Non-controlling interest	11	4,292,020	27,663,113		
		235,809,539	**389,078,297**		
Total comprehensive income attributable to:					
Owners of the parent		231,517,519	361,415,184		
Non-controlling interest		4,292,020	27,663,113		
		235,809,539	**389,078,297**		
Earnings per share					
Basic and diluted earnings per share (cents)	32	70,83437	112,20928		

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2021

	GROUP				
	Stated capital	Retained income	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
	R	R	R	R	R
Balance at 28 February 2019	**3,185,487,085**	**277,515,153**	**3,463,002,238**	**146,119,957**	**3,609,122,195**
Shares issued for acquisitions	56,242,730	-	56,242,730	-	56,242,730
Shares issued to share scheme	950,000	-	950,000	-	950,000
Pre-acquisition adjustments	(6,862,676)	-	(6,862,676)	-	(6,862,676)
Profit for the period	-	361,415,184	361,415,184	27,663,113	389,078,297
Dividends paid	-	(274,223,979)	(274,223,979)	(10,593,862)	(284,817,841)
Dividends payable	-	-	-	(5,472,841)	(5,472,841)
Balance at 29 February 2020	**3,235,817,139**	**364,706,358**	**3,600,523,497**	**157,716,367**	**3,758,239,864**
Shares issued for acquisitions	78,319,753	-	78,319,753	-	78,319,753
Non-controlling interest on acquisition of subsidiaries	-	-	-	47,415,445	47,415,445
Pre-acquisition adjustments	(3,603,443)	1,514,901	(2,088,542)	-	(2,088,542)
Profit for the period	-	231,517,519	231,517,519	4,292,020	235,809,539
Dividends declared and paid	-	(273,924,324)	(273,924,324)	(2,988,882)	(276,913,206)
Balance at 28 February 2021	**3,310,533,449**	**323,814,454**	**3,634,347,903**	**206,434,950**	**3,840,782,853**
Notes	10			11	

	COMPANY		
	Stated capital	Retained income	Total equity
	R	R	R
Balance at 28 February 2019	**3,185,487,085**	**195,352,576**	**3,380,839,661**
Shares to be issued for acquisitions	56,242,730	-	56,242,730
Shares issued to share scheme	950,000	-	950,000
Pre-acquisition adjustments	(6,862,676)	-	(6,862,676)
Profit for the period	-	384,849,054	384,849,054
Dividends paid	-	(274,223,979)	(274,223,979)
Balance at 29 February 2020	**3,235,817,139**	**305,977,651**	**3,541,794,790**
Shares issued for acquisitions	78,319,753	-	78,319,753
Pre-acquisition adjustments	(3,603,443)	-	(3,603,443)
Profit for the period	-	125,825,516	125,825,516
Dividends paid	-	(273,924,324)	(273,924,324)
Balance at 28 February 2021	**3,310,533,449**	**157,878,843**	**3,468,412,292**
Note	10		

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Cash flows from operating activities					
Cash generated from operations	26	494,916,262	459,700,800	295,890,407	280,367,171
Interest income		23,753,876	26,759,863	108,837,299	124,995,547
Finance costs		(250,974,710)	(180,699,855)	(205,539,158)	(180,670,856)
Dividend income		-	-	54,518,727	109,170,592
Dividends paid	31	(282,386,046)	(284,817,841)	(273,924,324)	(274,223,979)
Net cash from operating activities		**(14,690,618)**	**20,942,967**	**(20,217,049)**	**59,638,475**
Cash flows from investing activities					
Additions to investment property	3	(61,047,555)	(223,688,356)	(10,814,430)	(6,653,154)
Purchase of property, plant and equipment	5	(3,443,592)	(730,967)	(1,138,904)	(549,646)
Loans receivable repaid	29	580,307,425	228,438,535	580,307,425	228,438,535
Loans receivable advanced	29	(409,424,103)	(398,260,887)	(410,424,769)	(398,260,887)
Loans to subsidiaries advanced	28	-	-	(467,864,267)	(476,147,174)
Loans to subsidiaries repaid	28	-	-	237,206,336	220,299,032
Net cash from investing activities		**106,392,175**	**(394,241,675)**	**(72,728,609)**	**(432,873,294)**
Cash flows from financing activities					
Pre-acquisition adjustment		(2,088,542)	(6,862,676)	-	-
Loans from subsidiaries advanced	30	-	-	36,540,000	4,024,973
Loans from subsidiaries repaid	30	-	-	(15,473,081)	(9,794,633)
Repayment of lease liabilities	14	(3,156,481)	(2,358,708)	(2,450,208)	(2,349,572)
Increase in financial liabilities	27	573,907,667	1,070,592,349	738,907,667	1,070,592,349
Decrease in financial liabilities	27	(667,385,769)	(703,240,903)	(667,385,769)	(703,240,903)
Net cash from financing activities		**(98,723,125)**	**358,130,062**	**90,138,609**	**359,232,214**
Total cash at beginning of the period		47,683,869	62,852,515	33,896,158	47,898,763
Total cash movement for the period		(7,021,568)	(15,168,646)	(2,807,049)	(14,002,605)
Total cash at end of the period	9	**40,662,301**	**47,683,869**	**31,089,109**	**33,896,158**

ACCOUNTING POLICIES

CORPORATE INFORMATION

Exemplar REITail Limited ('Exemplar' or the 'Company') is a corporate REIT incorporated and registered in South Africa.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Group and Company financial statements are set out below.

1.1 BASIS OF PREPARATION

The Group and Company financial statements are prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair value. The financial statements are prepared on the going concern basis. They are presented in Rand, which is the Group and Company's functional currency, and all values are rounded to the nearest Rand.

The Group financial statements have been prepared in accordance with, and in compliance with, International Financial Reporting Standards ('IFRS'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 71 of 2008 of South Africa, as amended, ('the Companies Act') and the Listings Requirements of the JSE Limited.

The accounting policies are consistent with those applied in the prior periods.

1.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as judgements used in accounting for the acquisitions of the asset portfolios and effective dates. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making its judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Key estimates and assumptions
Estimates and assumptions, an integral part of financial reporting, have an impact on the amounts reported for the Group's assets, liabilities, income and expenses. Judgement in these areas is based on historical experience and reasonable expectations relating to future events. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

JUDGEMENTS
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Accounting policies
Note 1.3 - Consolidation: whether the Group has de facto control over an investee;
Note 1.4 - Joint arrangements: in assessing the substance of an investor's interest;
Note 1.5 - Investment property: in determining the appropriate inputs to estimate the fair value of the investment property; and
Note 1.10 - Leases: whether an arrangement contains a lease.

Acquisition of assets and liabilities - note 37
The appropriate accounting treatment of acquisitions requires judgement in the determination of whether a transaction meets the definition of a business combination

in terms of IFRS 3 and in conducting a control assessment in accordance with IFRS 10 to determine whether control has been obtained.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 28 February 2021 is included in the following notes:

Investment property valuation - note 3
The revaluation of investment property requires subjectivity and significant estimation uncertainty in the determination of future cash flows from leases and an appropriate capitalisation and discount rate. Changes in the capitalisation or discount rate attributable to changes in market conditions can have a significant impact on property valuations. The collateral impact of the COVID-19 pandemic currently permeating the economy intensifies the level of uncertainty and subjectivity, therefore more prudent and conservative consideration has been given to the assumptions and other sources of estimation uncertainty applied in determining the fair value of investment property.

Impairment of non-financial assets - note 5
The Group tests whether assets have suffered any impairment in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on future cash flows discounted to their present value using appropriate rates. Estimates are based on interpretation of generally accepted industry-based market forecasts.

Impairment of staff scheme loans - note 7
Staff scheme loans under the share purchase scheme were granted to staff to align the interests of staff, management and executive directors to shareholders. The impairment and recoverability of the staff scheme loans requires key assumptions and estimation uncertainty. The components of the calculation that have a significant risk of resulting in a material adjustment to the carrying amount within the next financial year are those of employee longevity and the value of the shares. This risk is mitigated by the employee obligation to settle the difference between the value of the shares and the outstanding loan balance on cessation of employment. No debt to any staff member has been written off and the full loan amounts owing to Exemplar still remain.

Impairment of receivables - note 8
In these unprecedented times, determining the recoverability of receivables is a key source of estimation uncertainty for most companies due to the high concentration of customers likely to be facing financial difficulty or insolvency. Management has therefore given careful consideration to indicators that their customers may be experiencing financial difficulty, such as later than normal payments or partial payments, and recognise impairment losses or makes realistic provisions based on the losses expected, as necessary to the applicable reporting framework.

1.3 CONSOLIDATION

BASIS OF CONSOLIDATION

Subsidiaries
The Group financial statements include the financial statements of the Company and subsidiaries that it controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the elements of control.

The results of subsidiaries are included from the date control was acquired up to the date control ceased. Cost comprises the fair value of any assets transferred, liabilities or obligations assumed and equity instruments issued, less transaction costs.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated in the preparation of the consolidated annual financial statements. The accounting policies of the subsidiaries are consistent with those of the Group.

Investments in subsidiaries in the separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses where necessary.

1.4 JOINT ARRANGEMENTS

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its share of expenses, including its share of any expenses incurred jointly.

1.5 INVESTMENT PROPERTY

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment property is measured at fair value. Fair values are determined annually by external independent registered valuers on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of both methods to determine fair value.

Gains or losses arising from changes in the fair values of investment property are included in profit or loss for the year in which they arise. Immediately prior to disposal of investment property, the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss in the period during which it occurs.

Tenant installation costs are capitalised and amortised over the period of the respective lease. The carrying value of tenant installations is included with investment properties.

Leased property

At the beginning of an arrangement, the Group assesses whether or not it contains a lease. An agreement is or contains a lease if it transfers the right to control the use of an asset identified for a period of time in exchange for consideration.

The present value of the lease liability on commencement date equals the fair value of the right of use asset, if determinable (i.e. rate implicit in the lease). If not determinable, the present value of the lease is calculated using the discount rate used to initially value the property. At the commencement date, a lessee shall measure the right of use asset at cost.

The cost of the right of use asset shall comprise:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received; and

(c) any initial direct costs incurred by the lessee.

The arrangement whereby a property is held under a lease and leased out under operating leases is considered to a be a sublease, and classified as investment property and stated at fair value.

In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying IFRS 16 paragraph 6, the sublease shall be classified as an operating lease.
(b) otherwise, the sublease shall be classified by reference to the right of use asset arising from the head lease, rather than by reference to the underlying asset.

1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line method, to write off the costs to their residual values over their estimated useful lives. The depreciation rates applicable are as follows:

Item	Average useful life
Computer equipment	3 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	5 years
Solar equipment	5 years

The useful lives and residual values of property, plant and equipment are assessed annually.

1.7 FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of derivative instruments, trade and other receivables, trade and other payables, cash and borrowings. Financial instruments are initially measured at fair value plus, in the case of financial instruments not measured at fair value through profit and loss, transaction costs.

Subsequent to initial recognition these instruments are measured as set out below:

Cash and equivalents
- Carried at amortised cost.

Derivative financial instruments
- Carried at fair value, with gain or loss on measurement to fair value recognised immediately in profit or loss. Directly attributable transaction costs are recognised in profit or loss when incurred.

Trade and other receivables
- Stated at amortised cost using the effective interest method less accumulated impairment losses.

Trade and other payables
- Stated at amortised cost using the effective interest method.

Related party loans receivable
- Stated at amortised cost using the effective interest method less accumulated impairment losses.

Related party loans payable
- Stated at amortised cost using the effective interest method.

Financial liabilities
- Non-derivative financial liabilities not at fair value through profit and loss are recognised at amortised cost using the effective interest method.

For all financial instruments carried at amortised cost, where the financial effect of the time value of money is not considered to be material, discounting is not applied as the fair values of these instruments approximate their carrying values.

DERECOGNITION

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the contractual rights to receive cash flows from the asset have expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flow from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings comprise long term loans from various financial institutions which accrue interest over the pre-determined loan period.

1.8 IMPAIRMENT

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount and is recognised in profit or loss.

The recoverable amount of an asset or a cash-generating unit is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For any asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised.

Financial assets

In terms of IFRS 9 an entity is required to recognise an expected credit loss on a financial asset at amortised cost based on unbiased, forward looking information. Exposures would be divided into the following three stages:

- Stage 1: 12-month expected credit loss will be recognised on exposures where the credit risk has not significantly increased since origination.
- Stage 2: Lifetime expected credit losses will be recognised for exposures with a significant increase in credit risk since origination.

- Stage 3: Lifetime expected credit losses will be recognised on exposures that meet the definition of default.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the probability weighted estimated future cash flows discounted at the pre-tax discount rate that reflects current market assessments of the time value of money, certain forward-looking information and the risks specific to the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss initially been recognised. An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Trade receivables and lease receivables

An entity has a policy choice to apply either the simplified approach or the general approach for all lease receivables that result from transactions that are within the scope of IFRS 16. The simplified approach does not require an entity to track the changes in credit risk, but instead, requires the entity to recognise a loss allowance based on lifetime expected credit losses (ECLs) at each reporting date, right from origination.

Trade and lease receivables are impaired using the simplified approach in terms of IFRS 9. Lifetime ECLs are recognised using a provision matrix. A provision matrix for each business unit is generated by:

- Calculating historical loss ratios for each trade and lease receivable aging bucket, and
- Adjusting these historical loss ratios by multiplying the ratio by a forward-looking factor.

The resultant provision matrix provides an adjusted loss ratio for each aging bucket contained in the debtors' age analysis for each business unit. These ratios are applied to the balances in each aging bucket and then accumulated to calculate the impairment allowance for each business unit. Amounts still in a debtors' book relating to invoices dated prior to the historical loss testing period are added to the impairment loss allowance. The Group primarily operates as a market leader in the ownership and management of rural and township retail real estate in South Africa and considers that no further segmentation, in addition to the segmentation by business unit, would be beneficial for purposes of calculating the impairment allowance. Impairment losses are recognised through profit or loss.

Trade receivables are written off when internal and initial legal collection processes have been exhausted and a judgement is made that the amount is likely not recoverable. Factors considered when monitoring credit risk and determining write-offs include the financial status of the debtor or counterparty, existence and quality of security, disputes and failure of the debtor to engage on payment plans or untraceable debtors.

Impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. Judgement, based on past history, existing market conditions and forward looking estimates of economic growth and forecast of retail sales, are used in making these assumptions.

Loan receivables

A significant increase in credit risk, in the context of IFRS 9, is a significant change in the estimated default risk. A default event is the failure of a customer to fulfil an obligation to settle monies owed to the Group in a timely manner. The Group uses a forward-looking approach to assess significant increase in credit and default risk of customers as part of the entity's internal credit risk management practices, that incorporates value judgments, market indicators and dealing with other relevant qualitative factors. This assessment is conducted each reporting date and entails consideration of changes in the risk of default occurring over the expected life, rather than changes in the amount of ECL if the default were to occur.

Once assessed, the Group will consider write off when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

1.9 LEASES

A lease, where the Group acts as a lessor, is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

A lease liability and right of use asset is recognised for all leases where the Group acts as a lessee, except for those of low value and short-term.

Operating leases - lessor
Where the Group is acting as a lessor, it classifies each of its leases as either an operating or finance lease based on whether a significant portion of the risks and rewards of ownership are retained by the lessor or not. Due to the nature of the Group's lease agreements, they are considered to be operating leases. Operating lease income is recognised as an income on a straight-line basis over the lease term.

Turnover rentals (variable rentals based on the turnover achieved by a tenant) are included in revenue when the amounts can be reliably measured.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases - lessee
Refer to investment property (accounting policy note 1.5).

1.10 REVENUE

Property portfolio revenue comprises operating cost recoveries, as well as marketing and parking income, excluding VAT. Income from marketing, promotions and casual parking is recognised when the amounts can be reliably measured. Revenues associated with operating expense recoveries are recognised in the period in which the expenses are incurred.

1.11 INVESTMENT INCOME

Interest is recognised, in profit and loss, using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

1.12 OTHER INCOME

Administration and management fees received are recognised when the services are rendered.

1.13 PROPERTY OPERATING EXPENSES

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

1.14 EMPLOYEE BENEFITS

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.15 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, after deducting the qualifying distribution for that year of assessment, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

In accordance with the Group's status as a REIT, the dividend declared meets the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act, 58 of 1962, (as amended) (the 'Income Tax Act').

Deferred tax is provided using the statement of financial position method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

As the Group has obtained REIT status effective 12 June 2018, the Group is not liable for capital gains tax on the disposal of directly held properties and local REIT securities. In addition, no deferred tax has been provided on movements in the fair value of investment property as no capital gains tax is payable on disposal of properties due to the REIT legislation. Deferred tax has been provided for capital allowances claimed in respect of investment property acquired in terms of the business acquisitions which allowances will be recouped on the disposal of such assets.

1.16 FINANCE COSTS

Finance costs comprise interest payable on borrowings calculated using the effective interest method.

1.17 SEGMENTAL REPORTING

The Group identifies and presents operating segments based on the information that is provided internally to the Group's management and internal reporting structure which will be determined by the Group's executive committee. A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

There are no secondary segments. The Group's primary segment is based on geographical segments and are determined based on the location of the properties, presented by province.

Segments results include revenue and expenses directly attributable to a segment and the relevant portion of Group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

1.18 RELATED PARTIES

Related parties in the case of the Group include any shareholder who is able to exert a significant influence on the operating policies of the Group. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group are also considered to be related parties.

In the case of the Company, related parties would also include subsidiaries.

1.19 EARNINGS PER SHARE

The Group presents basic earnings per share and headline earnings per share. Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of shares in issue during the year.

Headline earnings per share is calculated by dividing the headline earnings attributable to equity holders by the weighted average number of shares in issue during the year in accordance with SAICA Circular 01/2019.

There are no dilutionary instruments in issue.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 March 2022 or later periods:

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The IASB issued Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IFRS 3: Reference to the Conceptual Framework

The IASB has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to IFRS 9: Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to IFRS 16: Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

The Group expects to adopt the amendments to the standards for the first time in the 2023 group financial statements.

It is unlikely that the amendments to the aforementioned standards will have a significant impact on the Group's or Company's financial statements.

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
3. INVESTMENT PROPERTY					
Net carrying value					
Carrying value		6,174,669,009	5,388,396,736	3,095,503,465	3,097,851,845
Cumulative fair value adjustments		235,952,703	275,476,662	92,700,686	183,982,338
		6,410,621,712	**5,663,873,398**	**3,188,204,151**	**3,281,834,183**
Reconciliation of investment property					
Investment properties at the beginning of the period		5,663,873,398	5,270,795,374	3,281,834,183	3,195,183,635
Additions		60,782,753	20,518,012	10,814,430	6,653,154
Disposals / Adjustments to cost		-	(19,219,855)	(13,162,810)	(2,562,451)
Properties acquired by Group	37	725,489,520	278,000,000	-	-
Fair value adjustments		(39,523,959)	113,779,867	(91,281,652)	82,559,845
Balance at the end of the period		**6,410,621,712**	**5,663,873,398**	**3,188,204,151**	**3,281,834,183**
Reconciliation to independent valuation					
Investment property as per valuation		6,541,590,893	5,788,843,340	3,271,236,539	3,369,943,340
Operating lease assets		(157,835,460)	(151,434,098)	(97,698,062)	(103,272,164)
Lease liabilities		26,866,279	26,464,156	14,665,674	15,163,007
		6,410,621,712	**5,663,873,398**	**3,188,204,151**	**3,281,834,183**

Security over properties

The investment properties have been mortgaged in favour of the lenders disclosed in note 12. Furthermore, the Company and its subsidiaries have irrevocably and unconditionally jointly and severally cross-guaranteed each Group company's obligations to its lenders.

Details of valuation

The investment properties were valued using the discounted cash flow method. The valuations were performed by Quadrant Properties (Pty) Ltd, external independent qualified property valuers, with recent experience in location and category of the investment property being valued. At the financial year end, market related rental income categorised by building location, type and grade, have been used as inputs to the discounted cash flow model.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

3. INVESTMENT PROPERTY (CONTINUED)

2021	Significant unobservable inputs and range of estimates used			
Geographical location	**Capitalisation rate**	**Discount rate**	**Growth projection in revenue**	**Growth projection in contractual expenses**
Gauteng	8.00% - 9.25%	13.50% - 14.75%	6.01% - 7.71%	5.75%
Mpumalanga	8.25% - 12.00%	13.75% - 17.50%	5.99% - 6.67%	5.75%
KwaZulu Natal	9.00% - 10.00%	14.50% - 15.50%	6.48% - 7.01%	5.75%
Limpopo	8.75% - 9.25%	14.00% - 14.75%	(10.96%) - 6.97%	5.75%
Eastern Cape	9.25%	14.75%	6.65%	5.75%

2020	Significant unobservable inputs and range of estimates used			
Building location	**Capitalisation rate**	**Discount rate**	**Growth projection in revenue**	**Growth projection in contractual expenses**
Gauteng	8.00% - 9.25%	14.00% - 15.25%	7.88% - 8.51%	8.66% - 9.40%
Mpumalanga	8.25% - 10.25%	14.25% - 14.00%	7.91% - 8.34%	8.61% - 9.17%
KwaZulu Natal	9.00% - 9.75%	15.00% - 15.75%	8.04% - 8.22%	8.51% - 8.94%
Limpopo	8.75% - 9.25%	13.50% - 15.25%	7.94% - 8.47%	7.18% - 9.24%
Eastern Cape	9.25%	15.25%	7.89%	8.72%

The fair value of the investment property has not been adjusted significantly for the purposes of financial reporting, other than for the lease liabilities and operating lease assets that are recognised separately in the statement of financial position.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

3. INVESTMENT PROPERTY (CONTINUED)

Inter-relationship between key unobservable inputs and fair value measurements

The valuations of the investment properties are sensitive to changes in the unobservable inputs used in such valuations. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of the investment property and fair value adjustment in profit or loss:

Input	Change %	R	R
Increase in capitalisation rate	1.00	(729,607,096)	(642,428,935)
Decrease in capitalisation rate	1.00	729,607,096	642,428,935
Increase in discount rate	1.00	(439,435,113)	(399,530,073)
Decrease in discount rate	1.00	439,435,113	399,530,073
Increase in projected revenue growth rates	1.00	(729,607,096)	(642,428,935)
Decrease in projected revenue growth rates	1.00	729,607,096	642,428,935
Increase in projected expense escalation rate	10.00	(1,240,161)	(386,155)
Decrease in projected expense escalation rate	10.00	1,240,161	386,155

The fair value gains and losses are included in the other non-operating gains (losses) in the statement of profit or loss and other comprehensive income. The fair value of investment property is categorised as a level 3 recurring fair value measurement and there has been no transfer between levels in the current year. For the level 3 reconciliation, refer to the reconciliation of investment property contained within this note.

The effective date of the valuations was 28 February 2021.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

3. INVESTMENT PROPERTY (CONTINUED)

Weighted average rental per m² for rentable area

Property	2021 R/m²	2020 R/m²
Acornhoek Megacity	107,63	125,54
Alex Mall	138,18	132,62
Atteridge Stadium Centre	178,38	165,98
Blouberg Mall	142,49	133,35
Chris Hani Crossing	178,31	175,58
Diepkloof Square	156,17	143,25
Greater Edendale Mall	112,47	107,63
Emoyeni Mall	114,21	120,66
Jane Furse Plaza	174,24	162,94
Katale Square	116,95	103,07
Kwagga Mall	151,92	140,46
Lusiki Plaza	126,33	120,03
Maake Plaza	139,27	133,96
Mabopane Square	132,41	130,30
Mall of Thembisa	135,87	-
Mandeni Mall	128,15	131,06
Modi Mall	106,59	100,31
Modjadji Plaza	152,81	142,24
Olievenhout Plaza	150,80	142,08
Phola Mall	134,11	123,10
Theku Plaza	137,93	128,28
Thorntree Shopping Centre	144,82	138,61
Tsakane Mall	180,56	173,95

4. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled directly by the Company, and the carrying amounts of the investments in the Company's financial statements:

Name of company		2021 % holding	2021 Carrying amount R	2020 % holding	2020 Carrying amount R
Alex Mall (Pty) Ltd		100,00	174,956,260	100,00	174,956,260
Exemplar Leasing (Pty) Ltd		100,00	100	100,00	-
Exemplar Utilities (Pty) Ltd		100,00	100	-	-
Katale Square (Pty) Ltd		100,00	19,373,775	100,00	19,373,775
Mabopane Square (Pty) Ltd	23	100,00	36,277,727	100,00	36,868,955
Maake Plaza (Pty) Ltd	23	100,00	74,359,726	100,00	92,780,852
Mall of Thembisa (Pty) Ltd		50,10	27,525,327	-	-
Mandeni Plaza (Pty) Ltd		50,00	25,881,595	50,00	25,881,595
Modi Mall (Pty) Ltd	23	100,00	53,143,558	100,00	63,409,206
Mount Frere Square (Pty) Ltd		100,00	600	-	-
Phola Mall (Pty) Ltd		53,00	77,416,382	53,00	77,416,382
Theku Plaza (Pty) Ltd		82,50	84,396,835	82,50	84,396,835
Tsakane Mall (Pty) Ltd		100,00	352,141,284	100,00	352,141,284
			925,473,269		**927,225,144**

The carrying amounts are stated net of impairments.

Mandeni Plaza (Pty) Ltd is considered to be a subsidiary of the Company, as control is evidenced by virtue of the Company's power to appoint or remove the majority of the members of the board of directors. The entity has been consolidated accordingly.

All subsidiaries are incorporated and have their principal place of business in South Africa.

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
5. PROPERTY, PLANT AND EQUIPMENT					
Computer equipment		358,849	231,884	249,797	216,935
Cost		541,997	276,148	416,287	261,198
Accumulated depreciation		(183,148)	(44,264)	(166,490)	(44,263)
Furniture and fixtures		606,504	702,828	204,254	258,421
Cost		1,110,899	939,558	349,139	349,139
Accumulated depreciation		(504,395)	(236,730)	(144,885)	(90,718)
Office equipment		732,892	31,568	388,497	18,989
Cost		1,197,838	177,388	641,120	148,653
Accumulated depreciation		(464,946)	(145,820)	(252,623)	(129,664)
Motor vehicles		623,635	158,049	623,635	158,049
Cost		697,326	172,364	697,326	172,364
Accumulated depreciation		(73,691)	(14,315)	(73,691)	(14,315)
Solar equipment		2,220,986	-	-	-
Cost		2,228,813	-	-	-
Accumulated depreciation		(7,827)	-	-	-
		4,542,866	**1,124,329**	**1,466,183**	**652,394**
Reconciliation of property, plant and equipment					
Property, plant and equipment at the beginning of the period		1,124,329	796,241	652,394	375,728
Additions		**3,443,592**	**730,964**	**1,138,904**	**549,646**
Computer equipment		221,921	250,989	154,970	236,039
Furniture and fixtures		-	290,303	-	13,548
Office equipment		486,425	17,308	477,502	127,695
Motor vehicles		506,433	172,364	506,432	172,364
Solar equipment		2,228,813	-	-	-
Assets acquired on acquisition	37	510,480	-	-	-
Computer equipment		43,810	-	-	-
Furniture and fixtures		83,944	-	-	-
Office equipment		382,726	-	-	-
Depreciation		**(535,535)**	**(402,876)**	**(325,115)**	**(272,980)**
Computer equipment		(138,765)	(44,264)	(122,107)	(44,263)
Furniture and fixtures		(180,268)	(204,457)	(54,167)	(90,718)
Office equipment		(167,827)	(139,840)	(107,993)	(123,684)
Motor vehicles		(40,848)	(14,315)	(40,848)	(14,315)
Solar equipment		(7,827)	-	-	-
		4,542,866	**1,124,329**	**1,466,183**	**652,394**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
6. LOANS TO SUBSIDIARIES				
Alex Mall (Pty) Ltd			298,618,431	306,338,702
The loan is unsecured, bears interest at 7.01% (2020: 9.5%) and is repayable on demand.				
Exemplar Leasing (Pty) Ltd			749,900	2,000
The loan is unsecured, bears no interest and is repayable on demand.				
Exemplar Utilities (Pty) Ltd			42,281,480	-
The loan is unsecured, bears interest at 7.61% NACM and has no fixed terms of repayment.				
Katale Square (Pty) Ltd			99,561,007	101,884,275
The loan is unsecured, bears interest at 7.01% (2020: 9.5%) and is repayable on demand.				
Mabopane Square (Pty) Ltd			120,888,804	117,841,073
The loan is unsecured, bears interest at 7.01% (2020: 9.5%) and is repayable on demand.				
Mall of Thembisa (Pty) Ltd			216,059,729	-
The loan is unsecured, bears interest at the prime lending rate and is repayable on demand.				
Mandeni Plaza (Pty) Ltd			106,357,103	105,561,903
The loan is unsecured, bears interest at 7.01% (2020: 9.49%) and is repayable on demand.				
Modi Mall (Pty) Ltd			200,441,252	191,319,906
The loan is unsecured, bears interest at 7.01% (2020: 9.50%) and is repayable on demand.				
Mount Frere Square (Pty) Ltd			24,835,260	-
The loan is unsecured, bears interest at the prime lending rate and is repayable on demand.				
Phola Mall (Pty) Ltd			291,490,697	281,619,156
The loan is unsecured, bears interest at 7.01% (2020: 9.49%) and is repayable on demand.				
Theku Plaza (Pty) Ltd			80,006,786	84,813,157
The loan is unsecured, bears interest at 7.01% (2020: 9.49%) and is repayable on demand.				
Tsakane Mall (Pty) Ltd			10,868,091	24,930,256
The loan is unsecured, bears interest at 7.01% (2020: No interest) and is repayable on demand.				
			1,492,158,541	**1,214,310,428**

The credit risk of these loans is low considering, inter alia, that the subsidiaries property value and rental yield are expected to remain at or above current levels. The net asset value of each subsidiary is sufficient to cover the value of its loan and therefore management considers the loans recoverable. A probability weighted risk of default over the lifetime of the loans was applied to exposure at default. All available forward looking information, including estimates of economic growth, the expected value of the investment properties and forecast of retail sales, were taken into account, which indicated an immaterial expected credit loss and consequently the loans were not impaired.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
7. LOANS RECEIVABLE				
McCormick Property Development (Pty) Ltd	-	169,683,818	-	169,683,818
The loan was settled during the current financial year. It was previously unsecured, bore interest at JIBAR plus 2.35% and was repayable on demand.				
Moemedi Enterprise (Pty) Ltd T/A Roots Katale Square	4,618,135	5,618,801	-	-
The loan is secured by equipment with a cost of R5 805 660, bears interest at 11% NACM and is repayable in 60 monthly instalments of R130 973.				
Employee share scheme	45,290,167	45,489,005	45,290,167	45,489,005
	49,908,302	**220,791,624**	**45,290,167**	**215,172,823**

In order to align the interests of the employees with those of the shareholders, the Company provides eligible employees with the opportunity to acquire shares. The share debt bears interest from time to time at a rate determined by the directors, currently 6.5%, until repaid in full. Dividends (or other distributions) on the plan shares are applied against the interest and the balance is credited to the outstanding debt.

Number of shares in issue at the beginning of the year	4,350,100	4,255,100	4,350,100	4,255,100
Number of shares issued during the year	-	95,000	-	95,000
Number of shares in issue at the end of the year	**4,350,100**	**4,350,100**	**4,350,100**	**4,350,100**
Number of shares authorised to be issued under the scheme	10,000,000	10,000,000	10,000,000	10,000,000
Number of shares issued under the scheme	(4,350,100)	(4,350,100)	(4,350,100)	(4,350,100)
Number of shares available for issue under the scheme at the end of the year	**5,649,900**	**5,649,900**	**5,649,900**	**5,649,900**

Should an employee vacate office prior to settlement and the value of the shares falls below the outstanding loan balance, the employee will be obliged to settle the difference.

The credit risk of the employee share scheme and the Moemedi Enterprise (Pty) Ltd loans are low considering, inter alia, that the net value of the shares would be sufficient to cover the share scheme debt and that the Moemedi Enterprise (Pty) Ltd loan is secured by the assets and fixtures of the Roots Katale Square store. The loans met the practical expedient requirements for low risk financial assets and consequently 12-month expected credit losses were evaluated. A probability weighted risk of default during the next 12 months was applied to exposure at default. All available forward looking information, including profit forecasts, estimates of economic growth and the expected value of the shares, were taken into account, which indicated an immaterial expected credit loss and consequently the loans were not impaired.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
8. TRADE AND OTHER RECEIVABLES				
Trade receivables	51,928,969	26,999,684	29,146,666	17,139,364
Expected credit loss of trade receivables	(24,064,579)	(8,369,100)	(15,890,764)	(6,203,538)
	27,864,390	**18,630,584**	**13,255,902**	**10,935,826**
Deposits	24,786,318	18,707,989	9,916,945	8,982,268
Prepaid premium on interest rate caps	2,424,987	6,541,659	2,424,987	6,541,659
Sundry debtors	466,937	299,259	-	300,258
Other prepayments	2,412,103	2,745,387	1,258,088	2,185,718
	57,954,735	**46,924,878**	**26,855,922**	**28,945,729**

All amounts are short term. The net carrying amount of trade and other receivables is considered a reasonable approximation of fair value.

	GROUP					
2021	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	0.00%	51.84%	90.00%	100.00%	100.00%	46.34%
Gross carrying amount	26,315,949	2,795,322	2,022,343	2,110,427	18,684,928	51,928,969
Loss provision	-	(1,449,115)	(1,820,109)	(2,110,427)	(18,684,928)	(24,064,579)
2020						
Expected loss rate	0.37%	70.00%	90.00%	100.00%	100.00%	31.00%
Gross carrying amount	17,646,232	3,150,036	1,054,143	786,285	4,362,988	26,999,684
Loss provision	(66,073)	(2,205,025)	(948,729)	(786,285)	(4,362,988)	(8,369,100)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

	COMPANY					
2021	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	0.00%	23.57%	90.00%	100.00%	100.00%	37.17%
Gross carrying amount	11,817,500	1,730,882	1,155,607	1,236,234	13,206,443	29,146,666
Loss provision	-	(408,041)	(1,040,046)	(1,236,234)	(13,206,443)	(15,890,764)
2020						
Expected loss rate	0.87%	70.00%	90.00%	100.00%	100.00%	36.19%
Gross carrying amount	10,250,063	2,374,651	623,370	393,784	3,497,496	17,139,364
Loss provision	(88,969)	(1,662,256)	(561,033)	(393,784)	(3,497,496)	(6,203,538)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced over the period prior to the period end and are reassessed at each reporting date. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, as well as potential changes in the debtors' risk profiles as a result of the disruptions caused by the COVID-19 outbreak. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

The Group does not have any non-current trade and other receivables.

	GROUP		COMPANY	
	2021 R	**2020 R**	**2021 R**	**2020 R**
9. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents comprises:				
Cash on hand	109,285	97,732	75,496	67,325
Bank balances	27,893,141	19,689,413	21,862,469	16,795,372
Tenant deposits	12,659,875	27,896,724	9,151,144	17,033,462
	40,662,301	**47,683,869**	**31,089,109**	**33,896,159**
Cash and cash equivalents that are not available for use by the Group and Company	23,228,602	15,540,068	20,423,602	15,540,068

Restricted cash and cash equivalents comprise R 16 676 200 (2020: R 15 540 068) held in a back-to-back Nedbank account and R 2 805 000 held in a Rand Merchant Bank call account, both linked to guarantees issued to the City of Tshwane Metropolitan Municipality, as well as R 3 747 402 held in a Rand Merchant Bank call account linked to a guarantee issued to the Mbombela Local Municipality.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

10. STATED CAPITAL

Authorised				
5 000 000 000 ordinary shares with no par value				
Issued				
332 290 686 (2020: 325 027 765) ordinary shares with no par value	**3,310,533,449**	**3,235,817,139**	**3,310,533,449**	**3,235,817,139**
Reconciliation of stated capital				
Reported at beginning of year	3,235,817,139	3,185,487,085	3,235,817,139	3,185,487,085
Pre-acquisition adjustment	(3,603,443)	(6,862,676)	(3,603,443)	(6,862,676)
Shares issued for acquisitions	78,319,753	56,242,730	78,319,753	56,242,730
Shares issued to share scheme	-	950,000	-	950,000
Reported at end of year	**3,310,533,449**	**3,235,817,139**	**3,310,533,449**	**3,235,817,139**
Reconciliation of number of shares				
Reported at beginning of year	325,027,765	319,739,136	325,027,765	319,739,136
Shares issued for acquisitions	7,262,921	5,193,629	7,262,921	5,193,629
Shares issued to share scheme	-	95,000	-	95,000
Reported at end of year	**332,290,686**	**325,027,765**	**332,290,686**	**325,027,765**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

11. NON-CONTROLLING INTEREST

The non-controlling interest of R 186 434 950 (2020: R 157 716 367) represents 50% of the net asset value of Mandeni, 47% of the net asset value of Phola, 17.5% of the net asset value of Theku, 49.9% of the net asset value of Mall of Thembisa and loans from non-controlling interests at financial year end. The following is summarised financial information for Mandeni, Phola, Theku and Thembisa, prepared in accordance with IFRS, adjusted for fair value adjustments on acquisition and differences in Group accounting policies. The information is before inter company eliminations with other companies in the Group.

2021	Mandeni Plaza (Pty) Ltd	Mall of Thembisa (Pty) Ltd	Phola Mall (Pty) Ltd	Theku Plaza (Pty) Ltd	Total
Extracts from statement of profit and loss and other comprehensive income:					
Revenue	25,531,079	24,786,411	64,522,194	32,589,671	147,429,355
(Loss) / profit after taxation	(5,103,421)	(8,524,307)	16,963,536	17,854,275	21,190,083
Attributable to equity holders of Exemplar	(2,551,710)	(4,270,678)	8,990,674	14,729,777	16,898,063
Attributable to non-controlling interest	**(2,551,710)**	**(4,253,629)**	**7,972,861**	**3,124,498**	**4,292,020**
Dividends paid to non-controlling interest during the year	**(751,306)**	**-**	**(1,603,369)**	**(634,207)**	**(2,988,882)**
Extracts from the statement of financial position:					
Non-current assets	171,183,450	719,183,004	533,347,299	232,000,000	1,655,713,753
Current assets	1,397,002	29,150,532	7,452,461	1,187,534	39,187,529
Non-current liabilities	(6,388,328)	(437,375,869)	(5,091,942)	(7,180,773)	(456,036,912)
Current liabilities	(111,229,405)	(264,550,114)	(299,810,740)	(83,580,506)	(759,170,765)
Net assets	54,962,719	46,407,553	235,897,079	142,426,255	479,693,606
Net assets attributable to non-controlling interest	27,481,360	23,157,368	110,871,627	24,924,595	186,434,950
Southern Palace loan with Thembisa					
The loan is unsecured, does not bear interest and has no fixed terms of repayment.	-	20,000,000	-	-	20,000,000
Net assets and loans attributable to non-controlling interest	**27,481,360**	**43,157,368**	**110,871,627**	**24,924,595**	**206,434,950**
Extracts from the statement of cash flows:					
Cash flows from operating activities	13,852,143	16,209,314	45,568,547	20,190,514	95,820,518
Cash flows from investing activities	(795,200)	-	(9,871,541)	4,806,372	(5,860,369)
Cash flows from financing activities	(13,412,018)	(15,621,391)	(37,079,689)	(25,383,777)	(91,496,875)
Net cash flow	**(355,075)**	**587,923**	**(1,382,683)**	**(386,891)**	**(1,536,726)**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

11. NON-CONTROLLING INTEREST (CONTINUED)

2020	Mandeni Plaza (Pty) Ltd	Phola Mall (Pty) Ltd	Theku Plaza (Pty) Ltd	Total
Extracts from statement of profit and loss and other comprehensive income:				
Revenue	26,182,645	62,717,294	31,838,543	120,738,482
Profit after taxation	6,165,896	42,879,493	25,866,373	74,911,762
Attributable to equity holders of Exemplar	3,082,948	22,825,943	21,339,758	47,248,649
Attributable to non-controlling interest	**3,082,948**	**20,053,550**	**4,526,615**	**27,663,113**
Dividends paid to non-controlling interest during the year	**(4,191,069)**	**(9,020,181)**	**(2,855,452)**	**(16,066,703)**
Extracts from the statement of financial position:				
Non-current assets	177,684,817	514,949,773	224,000,000	916,634,590
Current assets	1,197,178	8,616,554	1,365,043	11,178,775
Non-current liabilities	(5,554,315)	(4,883,041)	(7,460,632)	(17,897,988)
Current liabilities	(111,632,145)	(296,482,655)	(89,708,396)	(497,823,196)
Net assets	61,695,535	222,200,631	128,196,015	412,092,181
Net assets attributable to non-controlling interest	**30,847,768**	**104,434,296**	**22,434,303**	**157,716,367**
Extracts from the statement of cash flows:				
Cash flows from operating activities	15,101,778	37,387,922	14,960,672	67,450,372
Cash flows from investing activities	-	(195,831)	(56,500)	(252,331)
Cash flows from financing activities	(15,252,597)	(36,858,827)	(15,111,305)	(67,222,729)
Net cash flow	**(150,819)**	**333,264**	**(207,133)**	**(24,688)**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
12. FINANCIAL LIABILITIES				
Held at amortised cost				
ABSA Bank Limited	250,000,000	250,000,000	250,000,000	250,000,000
The loan bears interest at the 3 month JIBAR plus 1.90%, with interest-only quarterly instalments. The facility maturity date is the 31 May 2023.				
ABSA Bank Limited	200,000,000	200,000,000	200,000,000	200,000,000
The term loan bears interest at the 3 month JIBAR plus 1.65%, with interest-only quarterly instalments. The facility maturity date is the 31 August 2021.				
ABSA Bank Limited	90,000,000	90,000,000	90,000,000	90,000,000
The revolving credit facility of R 180 million bears interest at the 3 month JIBAR plus 1.75%, with interest-only quarterly instalments. The facility maturity date is the 31 August 2021.				
ABSA Bank Limited	146,000,000	-	146,000,000	-
The loan bears interest at the prime lending rate less 1.65%, with interest-only quarterly instalments. The facility termination date is the 31 August 2021.				
ABSA Bank Limited	435,000,000	-	-	-
The loan bears interest at the 3 month JIBAR plus 2.10%, with interest-only quarterly instalments. The facility maturity date is the 17 December 2023.				
Nedbank Limited	600,000,000	600,000,000	600,000,000	600,000,000
The loan bears interest at the 3 month JIBAR plus 2.20%, with interest-only quarterly instalments. The facility maturity date is the 31 May 2023.				
Rand Merchant Bank Limited	300,000,000	300,000,000	300,000,000	300,000,000
The loan bears interest at the 3 month JIBAR plus 1.59%, with interest-only quarterly instalments. The facility maturity date is the 31 August 2021.				
Rand Merchant Bank Limited	180,000,000	180,000,000	180,000,000	180,000,000
The loan bears interest at the 3 month JIBAR plus 1.88%, with interest-only quarterly instalments. The facility maturity date is the 31 May 2022.				

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

12. FINANCIAL LIABILITIES (CONTINUED)

Standard Bank South Africa Limited	-	75,917,274	-	75,917,274
The loan is a revolving facility of R 200 million and bears interest at the prime lending rate less 1.56%, with interest-only quarterly instalments. The facility termination date is the 31 August 2021.				
Standard Bank South Africa Limited	120,000,000	120,000,000	120,000,000	120,000,000
The loan bears interest at the 3 month JIBAR plus 1.68%, with interest-only quarterly instalments. The facility maturity date is the 31 August 2021.				
Standard Bank South Africa Limited	250,000,000	250,000,000	250,000,000	250,000,000
The loan bears interest at the 3 month JIBAR plus 1.82%, with interest-only quarterly instalments. The facility maturity date is the 31 May 2022.				
	2,571,000,000	2,065,917,274	2,136,000,000	2,065,917,274
Prepaid participation fees on facilities	(1,667,208)	(3,106,380)	(1,667,208)	(3,106,380)
	2,569,332,792	**2,062,810,894**	**2,134,332,792**	**2,062,810,894**
Non-current liabilities	1,713,332,792	2,062,810,894	1,278,332,792	2,062,810,894
Current liabilities	856,000,000	-	856,000,000	-
	2,569,332,792	**2,062,810,894**	**2,134,332,792**	**2,062,810,894**

Security

In terms of a Common Terms Agreement, the above facilities are secured by investment properties held by the Company and by its subsidiaries, with a fair value of R 6 520 865 544 (2020: R 5 788 843 340).

They are further secured by joint and several sureties given by the Company and its subsidiaries in the form of continuing irrevocable and unconditional joint and several guarantees which extend to the ultimate balance of sums payable. The extent of the guarantees given by Phola Park Shopping Centre (Pty) Ltd, Theku Plaza (Pty) Ltd and Mandeni Plaza (Pty) Ltd are limited to R 292 668 311, R 88 757 852 and R 105 704 160 respectively, plus interest and costs.

Available facilities and residual values

The Group ensures that sufficient unutilised borrowing facilities are available for future commitments and operating requirements. Total facilities available to the Group at the reporting date amounted to R 2 661 000 000, of which R 2 589 972 668 had been utilised. The Group's policy is to refinance the residual portion of interest-bearing borrowings as they become due for renewal.

Further details relating to interest-bearing borrowings are disclosed in notes 13 and 36.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
13. DERIVATIVE FINANCIAL INSTRUMENTS				
Hedging derivatives				
Interest rate derivatives	17,080,649	(26,465,388)	9,216,042	(26,465,388)

2021

Transaction	Fixed rate payer	Floating rate payer	Rate	Notional
Interest rate cap	Exemplar	Counterparty	7.250%	R 1 100 000 000
Interest rate cap	Counterparty	Exemplar	8.750%	R 1 100 000 000
Interest rate cap	Exemplar	Counterparty	7.250%	R 600 000 000
Interest rate cap	Counterparty	Exemplar	8.000%	R 600 000 000
Interest rate swap	Exemplar	Counterparty	4.295%	R 850 000 000
Interest rate swap	Mall of Thembisa	Counterparty	4.130%	R 435 000 000

2020

The Company had entered into the following sequence of cap and collar transactions to hedge its interest rate exposure:

Transaction	Fixed rate payer	Floating rate payer	Rate	Notional
Interest rate cap	Exemplar	Counterparty	7.25%	R 1 100 000 000
Interest rate cap	Counterparty	Exemplar	8.75%	R 1 100 000 000
Interest rate collar	Exemplar	Counterparty	7.00%	R 1 100 000 000
Interest rate cap	Exemplar	Counterparty	7.25%	R 600 000 000
Interest rate cap	Counterparty	Exemplar	8.00%	R 600 000 000
Interest rate collar	Exemplar	Counterparty	7.00%	R 600 000 000
Interest rate swap	Exemplar	Counterparty	6.88%	R 380 000 000

The Group utilises these derivative financial instruments to hedge all, or a portion, of the interest rate risk associated with its borrowings. The principal objective of such arrangements is to minimise the risks and / or costs associated with the Company's operating and financial structure. The interest rate cap arrangements terminate on 4 October 2021 and the Company and Mall of Thembisa (Pty) Ltd interest rate swap arrangements terminate on 11 December 2023 and 15 January 2024 respectively. The Company does not apply hedge accounting in terms of IFRS 9.

The derivative financial instruments were valued by ABSA Bank Limited as being the difference between the present value of interest payments at the fixed rate and the projected interest payments based on the forward yield curve. The Company and the Group subsidiary do not utilise derivatives for speculative or other purposes other than interest rate risk management.

Refer to note 36, Risk management for further details.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

14. LEASE LIABILITIES

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Minimum lease payments due				
- within one year	3,263,951	3,117,117	2,487,051	2,410,844
- in second to fifth year inclusive	10,532,101	11,726,030	6,565,948	8,120,436
- later than five years	495,031,364	497,516,874	258,837,553	260,185,603
	508,827,416	512,360,021	267,890,552	270,716,883
less: future finance charges	(481,961,137)	(485,895,865)	(253,224,878)	(255,553,876)
Present value of minimum lease payments	**26,866,279**	**26,464,156**	**14,665,674**	**15,163,007**
Present value of minimum lease payments due				
- within one year	2,846,706	2,718,432	2,167,190	2,100,692
- in second to fifth year inclusive	6,768,115	7,540,636	4,297,751	5,294,851
- later than five years	17,251,458	16,205,088	8,200,733	7,767,465
	26,866,279	**26,464,156**	**14,665,674**	**15,163,007**
Reconciliation of lease liability				
Balance at beginning of year	26,464,156	32,742,248	15,163,007	15,241,291
Lease payment	(3,156,481)	(2,358,708)	(2,450,208)	(2,349,572)
Lease liability variable adjustment	(221,513)	(7,322,863)	(221,513)	41,943
Interest	3,780,117	3,403,479	2,174,389	2,229,345
Balance at end of year	**26,866,279**	**26,464,156**	**14,665,674**	**15,163,007**
Non-current liabilities	24,019,573	23,745,724	12,498,483	13,062,315
Current liabilities	2,846,706	2,718,432	2,167,191	2,100,692
	26,866,279	**26,464,156**	**14,665,674**	**15,163,007**

14. LEASE LIABILITIES (CONTINUED)

Acornhoek Megacity was developed on land subject to a 30 year notarial lease commencing 1 September 2017, with a 20 year option to renew. The rental is escalated by 10% per annum and the lease liability has been discounted at a rate of 14.25% per annum.

Diepkloof Square was developed on land subject to a 30 year notarial lease commencing 1 December 2006, with an option to renew for a further 3 equal periods, totalling 9 years and 11 months. The rental is escalated by 4% per annum and the lease liability has been discounted at a rate of 14.50% per annum.

Exemplar headoffice is subject to a 5 year lease arrangement commencing 1 June 2018. The lease is escalated annually at a rate linked to the average Consumer Price Index and the lease liability has been discounted at a rate of 15.00% per annum.

Maake Plaza was developed on land subject to a 22 year notarial lease commencing 1 September 2006. The rental is escalated by 10% per annum and the lease liability has been discounted at a rate of 15.00% per annum.

Mandeni Mall was developed on land subject to a 40 year notarial lease commencing 1 April 2012. The rental is the greater of 2.7% of gross rent income or a base rent amount escalated by 10% per annum. The lease liability has been discounted at a rate of 14.50% per annum.

Phola Mall was developed on land subject to a 50 year notarial lease commencing 1 March 2015. The rental is escalated by 10% per annum and the lease liability has been discounted at a rate of 13.75% per annum.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

15. DEFERRED TAX

Property, plant and equipment	12,273,121	(155,417)	-	-
Expected credit loss allowance	(4,121,271)	(1,757,511)	(2,669,648)	(1,302,743)
Prepaid expenses	622,215	521,377	290,927	367,242
Allowance for future expenditure on contracts	189,164	1,046,155	1,074,726	1,046,155
Income received in advance	(4,369,622)	(6,117,856)	(2,447,360)	(2,989,013)
Bonus and leave accruals	(384,071)	(384,071)	(349,714)	(349,714)
Other accruals	(229,015)	(594,166)	(229,015)	(594,166)
Fair value adjustments on derivatives	4,782,582	(7,410,309)	2,580,492	(7,410,309)
Capital allowances	135,975,380	110,264,695	67,982,412	66,267,833
Tax loss	(41,657,647)	(9,672,917)	-	-
Total deferred tax liability	**103,080,836**	**85,739,980**	**66,232,820**	**55,035,285**

Reconciliation of deferred tax (asset) / liability				
At beginning of year	85,739,980	94,802,992	55,035,285	63,307,090
Taxable temporary differences on capital allowances acquired	-	-	-	-
Property, plant and equipment	12,428,538	(3,837)	-	-
Expected credit loss allowance	(2,363,760)	(1,184,835)	(1,366,905)	(1,215,576)
Prepaid expenses	100,839	(23,732)	(76,315)	(79,361)
Allowance for future expenditure on contracts	(856,991)	338,505	28,572	338,505
Income received in advance	1,748,234	(2,341,887)	541,653	(618,931)
Bonus and leave accruals	-	(101,112)	-	(66,755)
Other accruals	365,151	(239,429)	365,151	(239,430)
Fair value adjustments on derivatives	12,192,890	(6,390,257)	9,990,800	(6,390,257)
Capital allowances	25,710,685	793,290	1,714,579	-
Tax loss	(31,984,730)	90,282	-	-
	103,080,836	**85,739,980**	**66,232,820**	**55,035,285**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

16. TRADE AND OTHER PAYABLES

Trade payables	50,538,027	33,926,846	18,133,003	14,935,084
Deposits received	31,632,543	27,896,724	17,769,656	17,033,462
Accrued leave pay and bonus	1,371,681	1,371,681	1,248,979	1,248,979
Accruals	6,824,136	5,616,869	5,062,532	3,934,578
Rates and utilities accrual	88,207,601	70,438,877	24,790,711	19,753,931
Other payables	4,070,511	5,968	657,580	-
Amounts received in advance	15,402,939	21,849,487	8,740,572	10,675,047
Value Added Tax	495,827	5,532,622	4,366,739	4,487,402
	198,543,265	**166,639,074**	**80,769,772**	**72,068,483**

All amounts are short term. The net carrying amount of trade and other payables is considered a reasonable approximation of fair value.

17. LOANS FROM SUBSIDIARIES

Maake Plaza (Pty) Ltd	-	-	31,504,900	31,971,177
The loan is unsecured, does not bear interest and has no fixed terms of repayment.				
Mall of Thembisa (Pty) Ltd	-		21,533,196	-
The loan is unsecured, does not bear interest and has no fixed terms of repayment.				
	-	**-**	**53,038,096**	**31,971,177**

18. RENTAL INCOME AND RECOVERIES

Rental income	564,327,372	504,236,929	319,629,587	301,284,647
COVID-19 credits	(32,463,635)	-	(18,710,714)	-
Turnover rental income	3,588,235	3,207,178	2,253,334	2,564,101
Recoveries	247,352,627	237,162,373	138,084,420	142,252,891
Operating lease equalisation	6,401,362	(16,916,602)	(5,574,103)	(21,789,319)
	789,205,961	**727,689,878**	**435,682,524**	**424,312,320**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

19. PROPERTY OPERATING COSTS

Accounting fees	85,098	88,118	34,181	52,557
Audit fees	1,467,280	1,537,075	821,556	881,623
Bad debts	16,816,794	2,518,202	10,225,388	1,562,344
Bank charges	110,604	109,612	51,185	46,414
Cleaning expenses	19,282,707	17,114,335	10,216,762	9,829,477
COVID-19 expenses	1,102,072	-	530,324	-
Depreciation	297,314	353,908	95,923	224,012
Employee costs	7,524,405	6,747,159	3,884,236	3,735,736
General expenses	74,885	206,874	94,412	-
Insurance	3,398,413	2,458,347	1,807,578	1,393,809
Legal expenses	799,763	887,864	697,241	826,351
Marketing	2,629,139	3,975,528	1,089,722	2,356,860
Rates and utilities	204,703,832	196,929,269	115,328,974	112,360,229
Rent paid	121,533	181,206	10,264	7,273
Repairs and maintenance	6,335,432	5,386,800	3,659,961	3,439,243
Security expenses	24,329,931	22,035,491	12,810,797	12,388,056
Stationery	194,375	203,674	80,502	114,467
Telephone and fax	246,428	225,462	124,888	120,190
Tenant installation amortisation	3,603,907	1,975,002	1,773,886	908,123
Travel - Local	158,867	133,633	105,364	87,238
	293,282,779	**263,067,559**	**163,443,144**	**150,334,002**

20. OTHER INCOME

Administration and management fees received	11,062,490	12,176,275	16,916,936	17,360,854
Other income	5,765,380	2,800,265	4,048,804	2,484,140
	16,827,870	**14,976,540**	**20,965,740**	**19,844,994**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

21. OPERATING PROFIT

Operating profit for the period is stated after charging the following, amongst others:

Employee costs				
Salaries, wages, bonuses and other benefits	27,055,851	27,094,160	21,407,797	22,805,775
Depreciation				
Depreciation of property, plant and equipment	535,535	402,876	325,115	272,980

22. INVESTMENT INCOME

Dividend income				
Group companies:				
Subsidiaries - Local	-	-	54,518,727	109,170,592
Interest income				
Investments in financial assets:				
Bank and other cash	2,310,759	7,026,513	1,837,498	6,061,921
Employee share scheme	3,462,013	3,819,769	3,462,013	3,819,769
Loans receivable	12,953,557	14,417,191	-	-
Other financial assets	5,027,547	1,496,390	2,541,178	851,435
	23,753,876	26,759,863	7,840,689	10,733,125
Loans to Group companies:				
Subsidiaries	-	-	100,996,610	114,262,423
Total interest income	**23,753,876**	**26,759,863**	**108,837,299**	**124,995,548**
Total investment income	**23,753,876**	**26,759,863**	**163,356,026**	**234,166,140**

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

23. IMPAIRMENT LOSS

2021	Maake Plaza (Pty) Ltd	Modi Mall (Pty) Ltd	Mabopane Square (Pty) Ltd	Totals
Net asset value	74,359,725	53,143,558	36,277,727	163,781,010
Investment in subsidiary	(92,780,852)	(63,409,206)	(36,868,955)	(193,059,013)
Impairment loss	**(18,421,127)**	**(10,265,648)**	**(591,228)**	**(29,278,003)**

The impairment loss recognised relates to the Company's investments in Maake Plaza, Modi Mall and Mabopane Square. The recoverable amount of each investment was based on the net asset value of these entities. The reduction in net asset value is directly attributable to the fair value adjustments of the investment properties held by these entities.

24. FINANCE COSTS

Non-current borrowings	145,387,968	174,045,172	140,545,167	174,045,172
Amortisation of participation fees on facilities	6,353,279	6,601,226	6,353,279	6,601,226
Imputed interest on lease liabilities	3,780,117	3,403,479	2,174,389	2,229,345
Settlement costs	95,240,990	-	57,306,721	-
Other interest paid	3,992,473	365,637	1,333,991	24,456
Total finance costs	**254,754,827**	**184,415,514**	**207,713,547**	**182,900,199**

The settlement costs relate to fees paid to close-out certain interest rate hedges. This was done to enable the Group to take advantage of the current low interest rates and enter into new derivative arrangements at more favourable rates.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

25. TAXATION

Major components of the income tax expense

Deferred				
Property, plant and equipment	(12,428,538)	3,837	-	-
Expected credit loss allowance	2,363,760	1,184,835	1,366,905	1,215,576
Prepaid expenses	(100,839)	23,732	76,315	79,361
Allowance for future expenditure on contracts	856,991	(338,505)	856,991	(338,505)
Income received in advance	(1,748,234)	2,341,886	(541,653)	618,931
Bonus and leave accruals	-	101,112	-	66,755
Other accruals	(365,151)	239,430	(365,151)	239,429
Fair value movements on derivatives	(12,192,890)	6,390,257	(9,990,800)	6,390,257
Capital allowances	(19,631,941)	(793,290)	(2,600,142)	-
Tax loss	25,905,987	(90,282)	-	-
Originating and reversing temporary differences	**(17,340,855)**	**9,063,012**	**(11,197,535)**	**8,271,804**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	28.00%	28.00%	28.00%	28.00%
Permanent difference on tax deductible REIT dividend (s25BB qualifying deduction)	(14.97%)	(28.00%)	(19.84%)	(28.00%)
Reversal of taxable temporary differences	(1.05%)	(2.38%)	0.01%	(2.22%)
	11.98%	**(2.38%)**	**8.17%**	**(2.22%)**

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
26. CASH GENERATED FROM OPERATIONS					
Profit before taxation		253,150,394	380,015,285	137,023,051	376,577,250
Adjustments for:					
Depreciation		535,535	402,876	325,115	272,980
Dividend income		-	-	(54,518,727)	(109,170,592)
Interest income		(23,753,876)	(26,759,864)	(108,837,299)	(124,995,547)
Finance costs		254,754,827	184,415,514	207,713,547	182,900,199
Impairment loss		-	-	29,278,003	-
Fair value losses / (gains) on investment property		39,523,959	(113,779,867)	91,281,652	(82,559,845)
Movement in lease liabilities		(221,513)	(7,002,113)	(221,513)	41,943
Movement in lease equalisation		(6,401,362)	16,916,602	5,574,103	21,789,319
Fair value (gains) / losses on derivative financial instruments		(43,546,036)	22,822,346	(35,681,430)	22,822,346
Changes in working capital:					
Trade and other receivables		(11,029,857)	786,405	2,089,807	(2,941,952)
Trade and other payables		31,904,191	1,883,616	21,864,098	(4,368,930)
		494,916,262	**459,700,800**	**295,890,407**	**280,367,171**
27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES					
Balance at beginning of year		2,062,810,894	1,700,005,000	2,062,810,894	1,700,005,000
Financial liabilities acquired		600,000,000	-	-	-
Increase in financial liabilities		**573,907,667**	**1,070,592,349**	**738,907,667**	**1,070,592,349**
Movement in prepaid participation fees on facilities		1,439,172	1,439,172	1,439,172	1,439,172
Proceeds from financial liabilities		448,741,354	897,634,043	613,741,354	897,634,043
Interest accrual		123,727,141	171,519,134	123,727,141	171,519,134
Decrease in financial liabilities		**(667,385,769)**	**(703,240,903)**	**(667,385,769)**	**(703,240,903)**
Repayment of financial liabilities		(543,658,628)	(532,000,000)	(543,658,628)	(532,000,000)
Interest payment		(123,727,141)	(171,240,903)	(123,727,141)	(171,240,903)
Balance at end of year	12	**2,569,332,792**	**2,062,810,894**	**2,134,332,792**	**2,062,810,894**

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R

28. RECONCILIATION OF LOANS TO SUBSIDIARIES ARISING FROM INVESTING ACTIVITIES

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Balance at beginning of year		-	-	1,214,310,428	958,462,286
Increase in subsidiary loans		**-**	**-**	**277,848,113**	**255,848,142**
Repayment of subsidiary loans		-	-	(237,206,336)	(220,299,032)
Advances of subsidiary loans		-	-	467,864,267	476,147,174
Loans to subsidiaries acquired		-	-	47,190,182	-
Balance at end of year	6	**-**	**-**	**1,492,158,541**	**1,214,310,428**

29. RECONCILIATION OF LOANS RECEIVABLE ARISING FROM INVESTING ACTIVITIES

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Balance at beginning of year		220,791,624	44,400,471	215,172,823	44,400,471
Increase in loans receivable		**(170,883,322)**	**176,391,153**	**(169,882,656)**	**170,772,352**
Repayment of loans receivable		(580,307,425)	(228,438,535)	(580,307,425)	(228,438,535)
Advances of loans receivable		409,424,103	404,829,688	410,424,769	399,210,887
Balance at end of year	7	**49,908,302**	**220,791,624**	**45,290,167**	**215,172,823**

30. RECONCILIATION OF LOANS FROM SUBSIDIARIES ARISING FROM FINANCING ACTIVITIES

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Balance at beginning of year		-	-	(31,971,177)	(37,740,837)
Decrease / (increase) in subsidiary loans		**-**	**-**	**(21,066,919)**	**5,769,660**
Repayment of subsidiary loans		-	-	15,473,081	9,794,633
Advances of subsidiary loans		-	-	(36,540,000)	(4,024,973)
Balance at end of year	17	**-**	**-**	**(53,038,096)**	**(31,971,177)**

31. DIVIDENDS PAID

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Shareholders of Exemplar		(273,924,324)	(274,223,979)	(273,924,324)	(274,223,979)
Dividends payable prior year		(5,472,840)	-	-	-
Non-controlling interest		(2,988,882)	(10,593,877)	-	-
		(282,386,046)	**(284,817,856)**	**(273,924,324)**	**(274,223,979)**

Dividends are paid from operating profits.

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

32. EARNINGS AND HEADLINE EARNINGS

Reconciliation of basic earnings to headline earnings

	2021 R	2020 R
Profit for the year attributable to equity holders of Exemplar	231,517,519	361,415,184
Fair value adjustment to investment properties	39,523,959	(113,779,867)
Non-controlling interest in fair value adjustment to investment properties	(9,824,955)	15,331,693
Headline earnings	**261,216,523**	**262,967,010**
Number of shares in issue	332,290,686	325,027,765
Weighted average number of shares in issue	326,843,495	322,082,371
Basic and diluted earnings per share (cents)	70.83437	112.20928
Headline and diluted headline earnings per share (cents)	79.92098	81.64388

33. DIRECTORS' EMOLUMENTS

	2021		2020	
Executive	**Short-term employee benefits**	**Total**	**Short-term employee benefits**	**Total**
Church, DA				
Salary	3,244,500	3,244,500	3,112,500	3,112,500
McCormick, J (Jason)				
Salary	1,622,500	1,622,500	1,556,250	1,556,250
McCormick, J (John)				
Salary	1,622,500	1,622,500	1,556,250	1,556,250
	6,489,500	**6,489,500**	**6,225,000**	**6,225,000**

Non-executive	**Directors' fees**	**Total**	**Directors' fees**	**Total**
Azzopardi, GVC	327,600	327,600	315,000	315,000
Berkeley, FM	436,800	436,800	420,000	420,000
Katzenellenbogen, PJ	327,600	327,600	315,000	315,000
Maponya, EP	327,600	327,600	315,000	315,000
	1,419,600	**1,419,600**	**1,365,000**	**1,365,000**

34. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 4
Shareholder with significant influence	Jason McCormick
	The John McCormick Family Trust
	McCormick Property Development (Pty) Ltd

Related party balances

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Loan accounts - Owing (to) by related parties				
Alex Mall (Pty) Ltd	-	-	298,618,431	306,338,702
Exemplar Leasing (Pty) Ltd	-	-	749,900	2,000
Exemplar Utilities (Pty) Ltd	-	-	42,281,480	-
Jason McCormick - Share Scheme	10,417,104	10,465,651	10,417,104	10,465,651
Katale Square (Pty) Ltd	-	-	99,561,007	101,884,276
Maake Plaza (Pty) Ltd	-	-	(31,504,900)	(31,971,177)
Mabopane Square (Pty) Ltd	-	-	120,888,804	117,841,073
Mall of Thembisa (Pty) Ltd	-	-	216,059,729	-
Mall of Thembisa (Pty) Ltd	-	-	(21,533,196)	-
Mandeni Plaza (Pty) Ltd	-	-	106,357,103	105,561,903
McCormick Property Development (Pty) Ltd	-	169,683,818	-	169,683,818
Modi Mall (Pty) Ltd	-	-	200,441,252	191,319,906
Mount Frere Square (Pty) Ltd	-	-	24,835,260	-
Phola Mall (Pty) Ltd	-	-	291,490,697	281,619,156
Theku Plaza (Pty) Ltd	-	-	80,006,786	84,813,157
Tsakane Mall (Pty) Ltd	-	-	10,868,091	24,930,256

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

34. RELATED PARTIES (CONTINUED)

Related party transactions

Interest received from related parties				
Alex Mall (Pty) Ltd	-	-	20,723,909	28,588,153
Exemplar Utilities (Pty) Ltd	-	-	1,446,272	-
Jason McCormick - Share Scheme	796,088	895,527	796,088	895,527
Katale Square (Pty) Ltd	-	-	6,421,266	6,192,051
Mabopane Square (Pty) Ltd	-	-	8,205,656	3,720,028
Mall of Thembisa (Pty) Ltd	-	-	3,476,803	-
Mandeni Plaza (Pty) Ltd	-	-	7,431,139	9,868,797
McCormick Property Development (Pty) Ltd	12,091,029	14,416,149	12,091,029	14,416,149
Modi Mall (Pty) Ltd	-	-	13,420,010	17,267,227
Phola Mall (Pty) Ltd	-	-	19,960,891	26,522,392
Theku Plaza (Pty) Ltd	-	-	5,843,611	7,687,013
Tsakane Mall (Pty) Ltd	-	-	1,113,494	-
Leasing fees received from / (paid to) related parties				
Alex Mall (Pty) Ltd	-	-	-	387,601
Exemplar Leasing (Pty) Ltd	-	-	(171,070)	(92,080)
Maake Plaza (Pty) Ltd	-	-	-	472,579
Mabopane Square (Pty) Ltd	-	-	-	22,765
Mandeni Plaza (Pty) Ltd	-	-	-	208,370
Modi Mall (Pty) Ltd	-	-	-	253,375
Phola Mall (Pty) Ltd	-	-	-	33,841
Theku Plaza (Pty) Ltd	-	-	-	33,580
Tsakane Mall (Pty) Ltd	-	-	-	250,075
Commission paid to related parties				
Exemplar Leasing (Pty) Ltd	-	-	1,662,944	1,647,590

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R

34. RELATED PARTIES (CONTINUED)

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Management fees received from related parties				
Alex Mall (Pty) Ltd	-	-	1,659,514	1,616,666
Katale Square (Pty) Ltd	-	-	426,340	250,757
Maake Plaza (Pty) Ltd	-	-	253,586	233,308
Mabopane Square (Pty) Ltd	-	-	535,222	182,248
Mall of Thembisa (Pty) Ltd	-	-	606,931	-
Mandeni Plaza (Pty) Ltd	-	-	581,632	593,529
Modi Mall (Pty) Ltd	-	-	929,946	905,890
Phola Mall (Pty) Ltd	-	-	1,580,132	1,445,473
Theku Plaza (Pty) Ltd	-	-	805,628	748,237
Tsakane Mall (Pty) Ltd	-	-	1,204,158	1,154,708
Dividends received from related parties				
Alex Mall (Pty) Ltd	-	-	11,039,341	12,604,495
Katale Square (Pty) Ltd	-	-	4,903,465	-
Maake Plaza (Pty) Ltd	-	-	6,193,064	9,794,632
Mabopane Square (Pty) Ltd	-	-	5,768,076	-
Mandeni Plaza (Pty) Ltd	-	-	751,307	4,191,070
Modi Mall (Pty) Ltd	-	-	8,294,756	2,968,149
Phola Mall (Pty) Ltd	-	-	1,808,055	10,171,710
Theku Plaza (Pty) Ltd	-	-	2,989,829	13,461,417
Tsakane Mall (Pty) Ltd	-	-	12,770,834	55,979,136
Rent and operating costs paid to related parties				
The John McCormick Family Trust	1,331,388	1,284,297	1,331,388	1,284,297

		GROUP		COMPANY	
	Notes	2021 R	2020 R	2021 R	2020 R

35. MINIMUM LEASE PAYMENTS RECEIVABLE

Minimum lease payments comprise contractual rental income from investment properties and fixed operating recoveries due in terms of signed lease agreements.

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Receivable within year one	633,164,627	483,119,663	307,841,944	286,058,710
Receivable within year two	485,793,226	405,716,097	198,749,753	216,065,510
Receivable within year three	389,224,396	297,465,580	178,160,638	154,367,248
Receivable within year four	266,258,733	201,929,205	122,620,770	102,832,466
Receivable within year five	179,098,918	128,677,972	70,741,848	68,251,480
Receivable beyond five years	379,769,403	438,715,346	130,707,822	284,921,311
	2,333,309,303	**1,955,623,863**	**1,008,822,775**	**1,112,496,725**

The Group leases a number of retail properties under operating leases. Leases typically run for an average period of three to ten years, with an applicable escalation rate ranging between 5 to 8%.

36. RISK MANAGEMENT

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
			GROUP	
Categories of financial instruments				
Categories of financial assets				
2021				
Loans receivable	7	-	49,908,302	49,908,302
Trade and other receivables	8	-	28,331,327	28,331,327
Cash and cash equivalents	9	-	40,662,301	40,662,301
Derivative financial instruments	13	17,080,649	-	17,080,649
		17,080,649	**118,901,930**	**135,982,579**
2020				
Loans receivable	7	-	220,791,624	220,791,624
Trade and other receivables	8	-	18,929,843	18,929,843
Cash and cash equivalents	9	-	47,683,869	47,683,869
		-	**287,405,336**	**287,405,336**
Categories of financial liabilities				
2021				
Financial liabilities	12	-	2,571,000,000	2,571,000,000
Derivative financial instruments	13	-	-	-
Trade and other payables	16	-	149,640,275	149,640,275
		-	**2,720,640,275**	**2,720,640,275**
2020				
Financial liabilities	12	-	2,065,917,274	2,065,917,274
Derivative financial instruments	13	26,465,388	-	26,465,388
Trade and other payables	16	-	104,369,759	104,369,759
		26,465,388	**2,170,287,033**	**2,196,752,421**

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
36. RISK MANAGEMENT (CONTINUED)			**COMPANY**	
Categories of financial assets				
2021				
Loans to subsidiaries	6	-	1,492,158,541	1,492,158,541
Loans receivable	7	-	45,290,167	45,290,167
Trade and other receivables	8	-	13,255,902	13,255,902
Cash and cash equivalents	9	-	31,089,109	31,089,109
Derivative financial instruments	13	9,216,042	-	9,216,042
		9,216,042	**1,581,793,719**	**1,591,009,761**
2020				
Loans to subsidiaries	6	-	1,214,310,428	1,214,310,428
Loans receivable	7	-	215,172,823	215,172,823
Trade and other receivables	8	-	11,236,084	11,236,084
Cash and cash equivalents	9	-	33,896,158	33,896,158
		-	**1,474,615,493**	**1,474,615,493**
Categories of financial liabilities				
2021				
Financial liabilities	12	-	2,136,000,000	2,136,000,000
Derivative financial instruments	13	-	-	-
Trade and other payables	16	-	48,643,826	48,643,826
Loans from subsidiaries	17	-	53,038,096	53,038,096
		-	**2,237,681,922**	**2,237,681,922**
2020				
Financial liabilities	12	-	2,065,917,274	2,065,917,274
Derivative financial instruments	13	26,456,388	-	26,456,388
Trade and other payables	16	-	38,623,593	38,623,593
Loans from subsidiaries	17	-	31,971,177	31,971,177
		26,456,388	**2,136,512,044**	**2,162,968,432**

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
36. RISK MANAGEMENT (CONTINUED)			**GROUP**	
Pre tax gains and losses on financial instruments				
Gains and losses on financial assets				
2021				
Interest income	22	**-**	**23,753,876**	**23,753,876**
2020				
Interest income	22	**-**	**26,759,863**	**26,759,863**
Gains and losses on financial liabilities				
2021				
Finance costs	24	-	(254,754,827)	(254,754,827)
Loss on fair value of derivative financial instruments		43,546,036	-	43,546,036
		43,546,036	**(254,754,827)**	**(211,208,791)**
2020				
Finance costs	24	-	(184,415,514)	(184,415,514)
Loss on fair value of derivative financial instruments		(22,822,346)	-	(22,822,346)
		(3,643,042)	**(124,189,381)**	**(127,832,423)**

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
36. RISK MANAGEMENT (CONTINUED)			**COMPANY**	
Gains and losses on financial assets				
2021				
Interest income	22	**-**	**108,837,299**	**108,837,299**
2020				
Interest income	22	**-**	**124,995,548**	**124,995,548**
Gains and losses on financial liabilities				
2021				
Finance costs	24	-	(207,713,547)	(207,713,547)
Loss on fair value of derivative financial instruments		35,681,430	-	35,681,430
		35,681,430	**(207,713,547)**	**(172,032,117)**
2020				
Finance costs	24	-	(182,900,201)	(182,900,201)
Loss on fair value of derivative financial instruments		(22,822,346)	-	(22,822,346)
		(22,822,346)	**(182,900,201)**	**(205,722,547)**

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, as well as maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 12, cash and cash equivalents disclosed in notes 9, and equity as disclosed in the statement of financial position.

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R

36. RISK MANAGEMENT (CONTINUED)

	Notes	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Loans from subsidiaries	17	-	-	53,038,096	31,971,177
Financial liabilities	12	2,571,000,000	2,065,917,274	2,136,000,000	2,065,917,274
Finance lease liabilities	14	26,866,279	26,464,156	14,665,674	15,163,007
Trade and other payables	16	149,640,275	104,369,759	48,643,826	38,623,593
Total borrowings		**2,727,408,390**	**2,196,751,189**	**2,241,979,673**	**2,151,675,051**
Cash and cash equivalents	9	(40,662,301)	(47,683,869)	(31,089,109)	(33,896,158)
Net borrowings		**2,686,746,089**	**2,149,067,320**	**2,210,890,564**	**2,117,778,893**

The Group's loan agreements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The financial loan covenants comprise a Loan-to-Value Ratio that does not at any time exceed fifty percent, and an Interest Cover Ratio that is at all times at least 2.00 times. Neither of these covenants were breached at any time during the financial year.

Financial risk management

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Interest rate risk.

The Group's management policies are designed to ensure that there is an acceptable level of risk within the Group as a whole.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on loans receivable, trade and other receivables, contract receivables, lease receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is assessed individually for creditworthiness before terms and conditions are offered, which involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

36. RISK MANAGEMENT (CONTINUED)

Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables; and
- loans receivable.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The lease receivable assets relate to straight-lining of leases and have substantially the same risk characteristics as the trade receivables for the same types of leases. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the lease receivables.

The expected loss rates are based on the payment profiles over a period of 12 months before 28 February 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, unemployment rate and inflation rate as the key macroeconomic factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 28 February 2021 was determined as follows for both trade receivables and loans receivable.

36. RISK MANAGEMENT (CONTINUED)

Financial assets exposed to credit risk at year end were as follows:

	Notes	Fair value through profit or loss R	Amortised cost R	Total R
		GROUP		
2021				
Loans receivable	7	49,908,302	-	49,908,302
Trade and other receivables	8	52,395,906	(24,064,579)	28,331,327
Cash and cash equivalents	9	40,662,301	-	40,662,301
		142,966,509	**(24,064,579)**	**118,901,930**
2020				
Loans receivable	7	220,791,624	-	220,791,624
Trade and other receivables	8	27,298,943	(8,369,100)	18,929,843
Cash and cash equivalents	9	47,683,869	-	47,683,869
		295,774,436	**(8,369,100)**	**287,405,336**
		COMPANY		
2021				
Loans to subsidiaries	6	1,492,158,541	-	1,492,158,541
Loans receivable	7	45,290,167	-	45,290,167
Trade and other receivables	8	29,146,666	(15,890,764)	13,255,902
Cash and cash equivalents	9	31,089,109	-	31,089,109
		1,597,684,483	**(15,890,764)**	**1,581,793,719**
2020				
Loans to subsidiaries	6	1,214,310,428	-	1,214,310,428
Loans receivable	7	215,172,823	-	215,172,823
Trade and other receivables	8	17,439,622	(6,203,538)	11,236,084
Cash and cash equivalents	9	33,896,158	-	33,896,158
		1,480,819,031	**(6,203,538)**	**1,474,615,493**

36. RISK MANAGEMENT (CONTINUED)

Liquidity risk

The Group is exposed to liquidity risk as a result of future payment commitments, detailed below.

The Group mitigates its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements comprise a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and the Company manages the liquidity risk through an ongoing review of commitments and credit facilities. Cash flow forecasts and budgets are prepared and adequate utilised borrowing facilities, disclosed in notes 9 and 12, are monitored.

The maturity profile of the contractual cash flows of financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

	Notes	Less than 1 year R	2 to 5 years R	Over 5 years R	Total R
		GROUP			
2021					
Non-current liabilities					
Financial liabilities	12	901,245,520	1,812,479,300	-	2,713,724,820
Derivative financial instruments	13	-	-	-	-
Lease liabilities	14	3,263,951	10,532,101	495,031,364	508,827,416
					-
Current liabilities					
Trade and other payables	16	149,640,275	-	-	149,640,275
		1,054,149,746	**1,823,011,401**	**495,031,364**	**3,372,192,511**
2020					
Non-current liabilities					
Financial liabilities	12	-	2,157,054,200	-	2,157,054,200
Derivative financial instruments	13	28,187,755	-	-	28,187,755
Lease liabilities	14	3,117,117	11,726,030	497,516,874	512,360,021
					-
Current liabilities					
Trade and other payables	16	104,369,759	-	-	104,369,759
		135,674,631	**2,168,780,230**	**497,516,874**	**2,801,971,735**

36. RISK MANAGEMENT (CONTINUED)

	Notes	Less than 1 year R	2 to 5 years R	Over 5 years R	Total R
		COMPANY			
2021					
Non-current liabilities					
Financial liabilities	12	901,245,520	1,352,501,600	-	2,253,747,120
Derivative financial instruments	13	-	-	-	-
Lease liabilities	14	2,487,051	6,565,948	258,837,553	267,890,552
Current liabilities					
Trade and other payables	16	48,643,826	-	-	48,643,826
Loans from subsidiaries	17	53,038,096	-	-	53,038,096
		1,005,414,493	**1,359,067,548**	**258,837,553**	**2,623,319,594**
2020					
Non-current liabilities					
Financial liabilities	12	-	2,157,054,200	-	2,157,054,200
Derivative financial instruments	13	26,465,388	-	-	26,465,388
Lease liabilities	14	2,410,844	8,120,436	260,185,603	270,716,883
Current liabilities					
Trade and other payables	16	38,623,593	-	-	38,623,593
Loans from subsidiaries	17	31,971,177	-	-	31,971,177
		99,471,002	**2,165,174,636**	**260,185,603**	**2,524,831,241**

Interest rate risk

Fluctuations in the interest rates impact on the value of investments, financing activities and interest rate swaps, giving rise to interest rate risk.

The interest rate risk arises primarily from long term borrowings, which bear interest at rates linked to 3 month JIBAR and the prime lending rate. The Company's weighted average cost of borrowing is 3 month JIBAR plus 1.91%, excluding the amortisation of hedging costs and participation fees. The Group strategy is well-managed and monitored, and fifty percent of Group debt is hedged by way of interest rate swaps arrangements. The Company and Mall of Thembisa (Pty) Ltd interest rate swaps terminate on 11 December 2023 and 15 January 2024 respectively, as disclosed in note 13. Monitoring of international and local economic climate and aligning development and hedging strategy with views of future rate movements further mitigates the risk.

A 1% increase in the effective interest rate applicable to interest-bearing borrowings, will result in an increase in finance charges of R 21 429 513 (2020: R 20 628 109) before tax.

	Notes	Fair value R	Level 1 R	Level 2 R	Level 3 R

36. RISK MANAGEMENT (CONTINUED)

Fair value hierarchy for financial instruments and investment property

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. IFRS 13 requires that an entity disclose for each class of financial instrument and investment property measured at fair value, the level of fair value hierarchy into which the fair value measurements are categorised in their entirety.

The fair value hierarchy has the following levels:
Level 1 – fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.
Level 3 – fair value is determined through the use of valuation techniques using significant inputs (refer note 3 for assumptions applied to valuation of investment property).

	Notes	GROUP			
		Fair value R	Level 1 R	Level 2 R	Level 3 R
2021					
Assets					
Investment properties	3	6,541,590,893	-	-	6,541,590,893
Derivative financial instruments	13	17,080,649	-	17,080,649	-
2020					
Assets					
Investment properties	3	5,788,843,340	-	-	5,788,843,340
Liabilities					
Derivative financial instruments	13	26,465,388	-	26,465,388	-

36. RISK MANAGEMENT (CONTINUED)

	Notes	Fair value R	Level 1 R	Level 2 R	Level 3 R
		COMPANY			
2021					
Assets					
Investment properties	3	3,271,236,539	-	-	3,271,236,539
Derivative financial instruments	13	9,216,042	-	9,216,042	-
Liabilities					
Derivative financial instruments	13	-	-	-	-
2020					
Assets					
Investment properties	3	3,305,003,826	-	-	3,305,003,826
Liabilities					
Derivative financial instruments	13	26,465,388	-	26,465,388	-

There have been no transfers between levels 1, 2 and 3 during the financial year.

Refer to notes 3 and 13 for the relevant valuation methods, inputs and assumptions made.

37. ACQUISITION OF ASSETS AND LIABILITIES BY THE GROUP

During the current year, Exemplar REITail acquired shares and shareholders' claims in Mall of Thembisa.

Management assessed the shares and shareholders' claims acquired and concluded that the acquisition was of a subsidiary and was dealt with under IAS 27 – Separate Financial Statements, IFRS 10 – Consolidated Financial Statements and IFRS 12 – Disclosure of Interests in Other Entities. The entity did not constitute a business as defined in terms of IFRS 3 – Business Combinations, as there were no adequate processes identified within the entity to warrant classification as a business.

Entities	**2021 Interest acquired %**	**2020 Interest acquired %**
Katale Square (Pty) Ltd	-	100.00
Mabopane Square (Pty) Ltd	-	100.00
Mall of Thembisa (Pty) Ltd	50.10	-

Assets and liabilities arising from the acquisitions are as follows:

Assets	**R**	**R**
Investment property	725,489,520	278,000,000
Operating lease asset	-	-
Property, plant and equipment	510,480	-
Loans receivable	-	-
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Liabilities		
Financial liabilities	(600,000,000)	-
Deferred tax	-	-
Trade and other payables	-	-
Fair value of net assets acquired	**126,000,000**	**278,000,000**
Non-controlling interest	(47,415,195)	-
Fair value of Exemplar REITail's share of net assets acquired	**78,584,805**	**278,000,000**
Cash and cash equivalents acquired	**-**	**-**

The shares in and claims against Mall of Thembisa were acquired through the issue of ordinary shares in the Company. On 10 December 2020, 7 262 921 shares were issued at R10.82 each in respect of the acquisition.

The shares in and claims against Katale Square (Pty) Ltd and Mabopane Square (Pty) Ltd were acquired in the prior year through the issue of ordinary shares in the Company and cash of R 221 757 270. On 1 July 2019, 1 812 327 shares were issued at R10,69 each and on 1 November 2019, 3 381 302 shares were issued at R10,90 each in respect of the Katale Square and Mabopane Square acquisitions.

38. JOINT OPERATIONS

Profits and losses resulting from the transactions with the joint operations are recognised in the Group's consolidated annual financial statements only to the extent of interests that are not related to the Group.

The Group accounts for the assets, liabilities, revenues and expenses relating to joint operations in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

In the separate annual financial statements of the Company, interests in joint operations are accounted for in the same manner.

Joint operations comprise the following properties:

	2021 %	2020 %
Acornhoek Megacity	43.98	43.98
Chris Hani Crossing	50.00	50.00
Jane Furse Plaza	29.83	29.83
Kwagga Mall	43.51	43.51
Maake Plaza	30.00	30.00
Modjadji Plaza	70.00	70.00
Tsakane Mall	50.00	50.00

	GROUP	
	2021 R	**2020 R**

38. JOINT OPERATIONS (CONTINUED)

	2021 R	2020 R
Exemplar's share of profit and loss and net assets:		
Statement of profit or loss and other comprehensive income		
Rental income and recoveries	186,808,864	196,854,210
Straight-line lease income adjustments	(2,462,157)	(8,945,082)
Property operating expenses	(59,285,388)	(58,917,519)
Profit from operations	**125,061,318**	**128,991,609**
Fair value adjustment to investment properties	(66,405,018)	(27,636,058)
Profit before taxation *(excl. finance costs and other income)*	**58,656,300**	**101,355,551**
Statement of financial position		
Opening fair value of property assets	1,659,872,053	1,687,403,825
Additions	7,643,040	4,345,324
Net movement in tenant installations	(106,047)	866,095
Fair value adjustment	(66,405,017)	(27,636,058)
Lease liability	(4,323,270)	3,837,949
Operating lease asset	(2,462,156)	(8,945,082)
Closing fair value of property assets	1,594,218,603	1,659,872,053
Property, plant and equipment	206,266	267,980
Current assets	249,364,800	206,755,752
Total assets	**1,843,789,669**	**1,866,895,785**
Equity	1,912,866,144	2,007,764,339
Deferred taxation	(45,908,690)	(46,003,488)
Finance lease liabilities	-	(4,028,713)
Current liabilities	(23,167,785)	(90,836,353)
Total equity and liabilities	**1,843,789,669**	**1,866,895,785**

All joint operations have their principal place of business in South Africa.

39. CONTINGENCIES

A claim has been made by a competing developer. The claim is being defended and is still in progress, although pleadings have now closed. The attorneys are of the view that the prospects of successfully defending the matter, based on a special plea of prescription, are sound.

ANNEXURE - SEGMENT REPORT

SEGMENT ANALYSIS

The Group identifies and presents operating segments based on information that is provided to the Group's management and internal reporting structure as determined by the Group's executive committee. The Group's management reviews the performance of its investment properties on an individual basis and due to the entire portfolio being retail, has taken a decision to aggregate operating segments and disclose such reportable segments on a geographical basis, being:

- Gauteng;
- Mpumalanga;
- KwaZulu Natal;
- Limpopo;
- Eastern Cape.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

	GLA	Investment property fair value	Revenue	Straight line lease income adjustments	Property operating expenses	Change in fair values	Net income
2021	**m²**	**R**	**R**	**R**	**R**	**R**	**R**
Gauteng	172,716	3,471,646,941	351,782,493	5,407,197	(122,890,081)	71,423,325	305,722,934
Mpumalanga	85,920	1,304,749,603	171,425,623	5,766,354	(61,882,403)	(112,138,064)	3,171,510
KwaZulu Natal	57,398	772,000,000	119,315,005	(3,157,303)	(50,654,809)	(3,253,160)	62,249,733
Limpopo	52,690	783,469,000	112,131,662	(1,668,329)	(45,761,911)	2,386,723	67,088,145
Eastern Cape	13,597	209,725,349	28,149,816	53,443	(12,093,575)	2,057,217	18,166,901
	382,321	**6,541,590,893**	**782,804,599**	**6,401,362**	**(293,282,779)**	**(39,523,959)**	**456,399,223**

	GLA	Investment property fair value	Revenue	Straight line lease income adjustments	Property operating expenses	Change in fair values	Net income
2020	**m²**	**R**	**R**	**R**	**R**	**R**	**R**
Gauteng	134,371	2,640,505,340	313,787,259	(14,406,444)	(115,736,281)	85,446,766	269,091,300
Mpumalanga	85,920	1,402,369,000	172,244,835	(2,410,789)	(60,978,956)	(9,776,990)	99,078,100
KwaZulu Natal	57,398	779,000,000	118,962,050	(1,182,711)	(49,197,000)	26,809,153	95,391,492
Limpopo	52,690	779,969,000	114,864,531	1,529,754	(48,956,776)	1,271,405	68,708,913
Eastern Cape	13,597	187,000,000	26,569,621	(446,412)	(9,335,836)	10,029,533	26,816,906
	343,976	**5,788,843,340**	**746,428,296**	**(16,916,602)**	**(284,204,849)**	**113,779,867**	**559,086,711**

ANNEXURE - DISTRIBUTABLE EARNINGS RECONCILIATION

THE FOLLOWING ANNEXURE DOES NOT FORM PART OF THE IFRS FINANCIAL STATEMENTS

	Group	
	2021 R	**2020 R**
DISTRIBUTABLE EARNINGS RECONCILIATION		
Net property income	**456,399,223**	**559,086,711**
Other income	16,827,870	34,243,047
Administrative expenses and corporate costs	(32,621,784)	(32,836,475)
Interest income	23,753,876	26,759,863
Finance costs	(254,754,827)	(184,415,514)
Fair value adjustment to derivative financial instruments	43,546,036	(22,822,346)
Taxation	(17,340,855)	9,063,012
Total comprehensive income	**235,809,539**	**389,078,298**
Distributable earnings adjustments:		
Attributable to non-controlling interests	(4,292,020)	(27,663,113)
Fair value adjustment to investment properties	39,523,959	(113,779,867)
Non-controlling interest in fair value adjustment to investment properties	(9,824,955)	15,331,692
Straight-line lease income adjustments	(6,401,362)	16,916,602
Non-controlling interest in straight-line lease income adjustments	3,198,872	1,508,042
Lease liability adjustment - rent paid	(3,156,481)	(2,358,708)
Lease liability adjustment - interest on lease	3,780,118	3,403,479
Non-controlling interest in lease liability adjustments	(440,087)	(408,408)
Fair value adjustment to derivative financial instruments	(43,546,036)	22,822,346
Settlement costs of derivative financial instruments amortised	50,382,610	-
Non-controlling interest in settlement costs of derivative financial instruments amortised	(3,433,318)	-
Depreciation expense on solar projects	(951,420)	-
Deferred tax movement	17,340,855	(9,063,012)
Antecedent adjustment	1,949,534	2,589,600
Distributable income	**279,939,808**	**298,376,951**

	Group	
	2021 R	2020 R

DISTRIBUTABLE EARNINGS RECONCILIATION (CONTINUED)

Distributable income per share (cents)	85,03155	92,26859
Distributable income for the year	279,939,808	298,376,951
Interim dividend paid	(116,895,874)	(140,743,075)
Dividend per share (cents)	35,96489	43,77000
Number of shares	325,027,765	321,551,463
Final dividend	163,043,941	157,633,876
Dividend per share (cents)	49,06666	48,49859
Number of shares	332,290,686	325,027,765
Dividend per share for the 12 months (cents)	**85,03155**	**92,26859**

EXEMPLAR

EXEMPLAR REITAIL LIMITED
Sokatumi Estate
Corner Lyttelton Road and
Leyden Avenue
Clubview, Centurion, 0157

012 660 3020
info@exemplarREIT.co.za
www.exemplarREIT.co.za
/ExemplarREITail
@EReitail
Exemplar-REITail