

TRANSCEND RESIDENTIAL PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2016/277183/06

JSE share code: TPF ISIN: ZAE000227765

(Approved as a REIT by the JSE)

("Transcend" or "the Company")



PROVISIONAL SUMMARISED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND DIVIDEND DECLARATION

Highlights and Key Performance Measures:**Financial metrics:**

Distribution per share (cents)	56.39 (1.15% year-on-year increase)
Distribution per share pay-out ratio	100% for full year distribution
Net Asset Value (per share Rand value)	R8.08 ¹ (2020: R8.87)
Loan to value ("LTV")	38.24%, <i>Normalised LTV 44.92%</i> ² (2020: 52.69%)
Revenue	R305.32 million (6% year-on-year decrease)
Operating profit	R166.87 million (6.65% year-on-year decrease)
Headline earnings per share (cents)	87.95 (year-on-year increase of 91.88 cents)
Basic earnings per share (cents)	166.77 (year-on-year increase of 198.5 cents)

Operational metrics:

Total units	4,012
Property value	R2.34 billion
Portfolio occupancy (31 December 2021)	91.21% ³
Average portfolio occupancy for full reporting period	93.20% ³
Portfolio arrears	0.86% ⁴
Total portfolio collections for the year	97.16%

Treasury highlights:

- Successfully concluded an equity capital raise of R155.94 million
- Refinanced senior debt totalling R824.68 million on more favourable terms
- Structured and executed the company's first green loans
- Secured R100 million revolving credit facility
- Extended weighted average senior debt maturity to 2.87 years with no maturities in the next 12 months
- Fully settled shareholder's loan of R93.46 million via senior debt and cash

Other Highlights:

- Registered 3,136 units to be certified as Excellence in Design for Greater Efficiencies ("EDGE") compliant, obtained preliminary certification for 1,015 units
- Concluded agreements to acquire 442 units at a total cost of R253.50 million. The transfer of these units will occur within the first quarter of 2022
- Successfully sold 269 units (R296.05 million) in the 2021 financial year and net sales proceeds were used to reduce LTV

¹ Based on the South African Real Estate Investment Trust ("SA REIT") Association best practice recommendations.

² 38.24% represents LTV as prescribed by bank definition. By excluding cash proceeds of R155.94 million from the December capital raise, Transcend's normalised LTV is 44.92%.

³ Occupancy based on units and excludes properties which are currently being disposed of. On a full portfolio basis (including units being disposed of), occupancies as at 31 December 2021 were 89.53% and the 2021 average occupancies were 91.24%.

⁴ Calculated as trade receivables net of provision for bad debts as a percentage of revenue.

Dividend

The Board has approved, and notice is hereby given of a final dividend of 31.18022 cents per share for the six months ended 31 December 2021. This brings the full year distribution to 56.39022 cents per share (2020: 55.75156 cents per share) for the year ended 31 December 2021. The dividend will be paid from cash-backed distributable income earned from Transcend's portfolio.

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

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

- a) a declaration that the dividend is exempt from dividends tax; and
- b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service ("SARS"). Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act, (unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder). Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 24.94418 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- b) a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by SARS. Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

At Monday, 14 February 2022, being the declaration date of the dividend, the company had a total of 163,932,679 shares in issue. The company's tax reference number is 9015377253.

The dividend is payable to Transcend shareholders in accordance with the timetable set out below:

Last date to trade cum dividend:	Tuesday, 1 March 2022
Shares trade ex-dividend:	Wednesday, 2 March 2022
Record date:	Friday, 4 March 2022
Payment date:	Monday, 7 March 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 2 March 2022 and Friday, 4 March 2022, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to CSDP accounts/broker accounts on Monday, 7 March 2022. Certificated shareholders' dividend payments will be deposited on or about Monday, 7 March 2022.

Unqualified audit opinion

The Company's auditors, KPMG Inc., issued an unqualified audit opinion for the year ended 31 December 2021, which includes the requisite disclosure on key audit matters pursuant to the International Standards of Auditing. The full audit report and annual financial statements are available on the Company's website.

Short-form announcement

This short-form announcement is the responsibility of the directors of Transcend and is a summary of the information in the detailed provisional results announcement released on SENS on 14 February 2022 and does not contain full or complete details. Any investment decisions by shareholders/investors should be based on consideration of the full announcement published on SENS, which is available on the Company's website at: www.transcendproperty.co.za and at <https://senspdf.jse.co.za/documents/2022/jse/isse/tpfe/prov2021.pdf>

Copies may be requested at the Company's registered office at no charge during business hours, and electronically via the sponsor (sponsor@questco.co.za).

By order of the Board

Myles Kritzinger
Chief Executive Officer

Nic Watchorn
Chief Financial Officer

Johannesburg
14 February 2022

Registered office: 54 Peter Place, Block C, Peter Place Office Park, Bryanston, 2191

Transfer secretaries: Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, PO Box 4844, Johannesburg, 2000

Sponsor: Questco Corporate Advisory Proprietary Limited

Company secretary: Corpstat Governance Services Proprietary Limited – Jeffrey Coleman

Directors: Robert Reinhardt Emslie* (Chairman); Myles Kritzinger (Chief Executive Officer); Vanessa Perfect (Chief Operating Officer); Nicholas Ian Watchorn (Chief Financial Officer); Faith Nondumiso Khanyile*; Michael Simpson Aitken*; Anne Michelle Dickens*; Solly Mboweni**; Robert Nicolaas Wesselo**; Michael Louis Falcone*; Geoffrey Michael Jennett**.

* Independent non-executive director

** Non-executive director