

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 FIFTEEN MONTHS ENDED 31 MARCH 2023 AND DIVIDEND DECLARATION

Highlights and Key Performance Measures:

Financial metrics:

Distribution per share (cents)	72.34 (2021: 56.39; 28.3% increase ¹)
Distribution per share pay-out ratio	100%
Net Asset Value per share (Rands)	R8.23 ² (31 Dec 2021: R8.08, 1.9% increase)
Loan-to-value ("LTV") ³	37.1% (31 Dec 2021: 38.2%; 31 Dec 2021 Normalised: 44.9%)

Operational metrics:

Total units	4 033
Property value	R2.22 billion
Portfolio occupancy (at 31 March 2023)	97.9% ⁴
Average portfolio occupancy (year to date)	95.9% ⁵
Portfolio arrears (as percentage of revenue)	0.5% ⁶
Portfolio collections (year to date)	95.3% ⁷

Other Performance Highlights:

- Significantly reduced LTV to 37.1% from 52.7% at 31 December 2020
- Acquired 442 green units⁸, at a cost of R256 million, which were transferred in the first quarter of 2022
- Successfully sold 425 units (R390.7 million net cash sales proceeds) and proceeds were predominantly applied to repayment of debt
- Grew green loan book by R371.5 million. Green loans currently comprise of 68% of the total term debt book at 31 March 2023, providing funding benefit
- Improved ICR from 1.71 times (31 December 2021) to 2.18 times

Key Financials[#]

- Revenue from total operations up 28.1% to R391.2 million
- Operating profit from total operations up 32.5% to R221.1 million
- Headline earnings per share down 2.4% to a headline earnings per share of 85.8cps
- Basic and diluted earnings per share down 57.1% to an earnings per share of 71.4cps
- Distribution per share up 28.3% to 72.34cps
- Accounting net asset value per share down 2% to R8.54 per share

[#] Comparisons to 12 months ended 31 December 2021

¹The total distribution for the 15-month period from 1 January 2022 to 31 March 2023 is 72.34 cents. When compared against the prior reporting period, being 1 January 2021 to 31 December 2021, there is a 28.3% increase.

²Based on the South African Real Estate Investment Trust ("SA REIT") Association best practice recommendations.

³Calculated in accordance with the prescribed bank covenant definition. During December 2021, R156 million in cash was raised as equity to partially fund the acquisition of The Block and Stoneleigh. The 31 December 2021 Normalised LTV excludes the effects of raising cash prior to taking transfer of the acquisition properties (see Gearing section).

⁴Occupancy based on revenue and excludes properties being disposed of.

⁵Occupancy based on revenue and excludes properties being disposed of.

⁶Calculated as trade receivables net of provision for bad debts as a percentage of revenue.

⁷Full portfolio, including Sale Portfolio.

⁸Energy efficient homes which reduce the overall carbon footprint.

Dividend

The Board has approved, and notice is hereby given of a dividend of 14.53269 cents per share for the three months ended 31 March 2023. This brings the full 15-month distribution to 72.35049 cents per share (2021: 56.39022 cents per share).

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 will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act. The dividend will be paid from distributable income.

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 before 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 11.62615 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.

As at 29 May 2023, 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:

	2023
Last date to trade cum dividend	Monday, 12 June
Shares trade ex-dividend	Tuesday, 13 June
Record date	Thursday, 15 June
Payment date	Monday, 19 June

Share certificates may not be dematerialised or rematerialised between Tuesday, 13 June 2023 and Thursday, 15 June 2023, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to CSDP accounts/broker accounts on Monday, 19 June 2023. Certificated shareholders' dividend payments will be deposited on or about Monday, 19 June 2023.

Unqualified audit opinion

The Company's auditors, KPMG Inc., issued an unqualified audit opinion for the 15 months ended 31 March 2023, 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 29 May 2023 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/2023/jse/isse/tpfe/prov2023.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
29 May 2023

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: Myles Kritzinger (Chief Executive Officer); Nicholas Ian Watchorn (Chief Financial Officer); Michael Simpson Aitken (Lead Independent non-executive director)*; Robert Nicolaas Wesselo**, Geoffrey Michael Jennett (Chairman)**; Greg Booyens**, Tshepisho Lokoza Rufus Makofane* and Shaun David Stewart*

* Independent non-executive director

** Non-executive director