

Collins Property Group Limited
 (previously Tradehold Limited)
 (Registration number: 1970/009054/06)
 Incorporated in the Republic of South Africa
 JSE Share code: CPP ISIN: ZAE000152658
 (Approved as a REIT by the JSE)
 ("Collins" or "the Company")



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF COLLINS PROPERTY GROUP FOR THE YEAR ENDED 29 FEBRUARY 2024 AND CASH DIVIDEND DECLARATION

HIGHLIGHTS

- Converted to a Real Estate Investment Trust ("REIT").
- Distributable income per ordinary share ("DIPS") of 94 cents (105 cents pre-tax) for the 12 months ended 29 February 2024.
- Final dividend of 50 cents per ordinary share declared (28 February 2023: 30 cents). Total dividend of 90 cents per ordinary share (28 February 2023: 60 cents) for the year.
- Vacancy rate of 3.9%.
- Weighted average lease expiry ("WALE") of 4.2 years.
- Collection rate of 98.3%.
- Loan-to-value ratio of 51% in terms of SA REIT Best Practice.
- All in cost-to-income ratio of 18%, in terms of SA REIT Best Practice.

FINANCIAL INDICATORS

Audited	29 February 2024	28 February 2023	% Increase/ (decrease)
Revenue excluding straight-line rental income (R'000)	1 229 670	1 156 333	6.3%
Basic earnings per share in issue (cents)	4.25	0.62	585%
Headline earnings per share in issue (cents)	1.12	0.45	149%
Net asset value per share (cents)	1 515	1 240	22%
Dividend per share (cents) for the year ended	90	60	50%
Profit from continuing operations before non-controlling interest	1 207 636	516 873	134%

CONVERSION TO A REIT AND GROUP SIMPLIFICATION

During the year under review an extensive restructuring of the business was successfully implemented both in South Africa and beyond its borders, in order to convert Collins to a REIT.

The restructuring involved, *amongst others*, agreeing a swap-up ratio with the minority shareholder in the South African business and converting debt to interest-only profiles, all aimed at making the Group more efficient from an administrative and tax perspective.

After all the necessary approvals were obtained, Collins converted to a REIT on 21 December 2023 and is now listed on the Industrial REIT Sector of the JSE as one of only two companies under this segment.

The Group's assets at the reporting date were split across South African assets in rand (83%), Namibian assets in Namibian dollar (6%), assets in Austria and the Netherlands in euro (7%), and assets in the rest of Africa held in US dollar (4%).

BUSINESS ENVIRONMENT

The business environment in South Africa remained challenging throughout the reporting period, a situation further complicated by developments in the Middle East in the second half of the year. High inflation, significantly higher interest rates, ongoing load-shedding and increasing unemployment have added to the challenging environment. Notwithstanding, the Group managed to maintain profitability, mainly due to the defensive nature of the bulk of its portfolio, its solid tenant base and the broadening of its international footprint.

FINANCIAL PERFORMANCE

Revenue for the period was up 6.3% on the prior year.

Profit before tax was R564 million (28 February 2023: R734 million), down from the previous year due to finance costs increasing by R70 million and a lower fair value adjustment to investment property.

Finance costs were higher as a result of the high interest rates.

Deferred tax previously raised on future capital gains of R677 million was written back as a result of the REIT conversion.

As a result, profit from continuing operations before non-controlling interest was R1,21 billion (28 February 2023: R516.9 million).

The Group reported a net profit attributable to shareholders of R1,14 billion, compared to the corresponding year's net profit of R158.5 million.

Total assets now stand at R12,3 billion (28 February 2023: R12,2 billion).

Net asset value per share is R15.15, compared to R12.4 as at 28 February 2023.

OPERATIONAL PERFORMANCE

Due to the extensive restructuring of the Group required to convert into an industrial REIT, management's focus during this period was about growing the portfolio and focussing on upgrading the quality thereof by selling off non-core assets to free up capital for future growth, especially offshore.

Of the Group's South African ("SA") portfolio of just over 1.4 million square metres of lettable area, 81% consists of industrial warehouses and distribution centres. This is a sought-after asset class in difficult economics times because of its defensive nature as a result of being linked mainly to long-term leases entered into with national tenants. The balance of the SA portfolio is made up of convenience retail properties (13%), an increasingly popular asset class, and offices (6%).

Of the total rental income, 86% is backed by national tenants, enabling the Group to collect 98.3% of income due. The quality of the portfolio provides certainty of income and thus has enabled the Group to finish the year in line with expectations.

The overall vacancy rate remained constant at 3.9% when compared to the previously reported financial year, while the WALE stood at 4.2 years, down from 5 years in 2023.

In line with its increased focus on the Western Cape, Collins is in the process of developing two convenience retail projects in the province, both outside the major urban areas.

During the year, as a 31.7% shareholder of an international property consortium, Collins acquired four properties in the Netherlands (mainly industrial) at an average yield of 8.9%. In addition, its six properties in Austria, which are on long-term lease with a major international group, continued to provide a secure income.

A senior executive was relocated to the Netherlands in the second half of the year to grow the Group's portfolio in Europe. To fund the offshore acquisitions and further upgrade the Group's SA portfolio, the Group continued to sell its non-core assets. During the year, the Group disposed of eight properties for a total amount of R65.6 million at close to their carrying value. Five other properties are also in various stages of being transferred to new owners post year end at close to their carrying value of R150 million.

The Group's strategy with regards to the Namibian portfolio is currently being considered and an announcement in this regard will be made in due course.

The Group also finalised the sale of its last properties in Zambia and the two it still owns in Mozambique are also up for sale.

ORDINARY SHARE CASH DIVIDEND

The board of directors of Collins has approved and notice is hereby given of a final dividend of 50 cents per share for the year ended 29 February 2024. The dividend is payable to Collins shareholders in accordance with the timetable set out below:

Last date to trade 'cum' dividend	Tuesday, 11 June 2024
Shares trade ex dividend	Wednesday, 12 June 2024
Record date	Friday, 14 June 2024
Payment date	Tuesday, 18 June 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 June 2024 and Friday, 14 June 2024, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to the Central Securities Depository Participant accounts/broker accounts on Tuesday, 18 June 2024.

Certificated shareholders' dividend payments will be paid on or about Tuesday, 18 June 2024.

Dividend tax treatment

In accordance with Collins' status as a REIT, shareholders are advised that the dividend of 50 cents per share for the year 29 February 2024 ("the dividend") meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, 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 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 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 ceases to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the above-mentioned 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. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, 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 40 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 ceases to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the above-mentioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shares in issue at the date of declaration of this dividend: 334 097 767

Collins' income tax reference number: 9725/126/71/9.

OUTLOOK

Collins' strategic focus is to grow its distributable income in a sustainable and predictable manner. With a few days to go before the elections, the potential outcome is unknown. Regardless of the result, we do not expect the business environment to improve materially in the short and medium term however we do hope that there will be improvements in the long term.

Due to the fact that the Group's property portfolio is predominantly industrial (which is defensive in nature) and with its experience management team, the Group is positioned to deal with the challenges of the current economic environment.

SHORT-FORM ANNOUNCEMENT

The contents of this announcement is the responsibility of the board of directors of Collins. This announcement is only a summary of the information contained in Collins' group audited annual financial statements for the year ended 29 February 2024 ("2024 AFS") and does not include full or complete details. Any investment decisions by investors and shareholders should be based on consideration of the full 2024 AFS published on SENS on Friday, 24 May 2024.

Collins' summarised audited consolidated financial results for the year ended 29 February 2024, which includes directors' commentary, has been published on the Company's website at: <https://collinsgroup.co.za/sens-announcements-2024/> .

Collins' 2024 AFS have been released on SENS and are available on the JSE website at: <https://senspdf.jse.co.za/documents/2024/jse/isse/ccpe/ye2024.pdf> and on the Company website at: <https://collinsgroup.co.za/annual-report-2024/> .

The 2024 AFS have been audited by PWC South Africa, who expressed an unmodified opinion thereon.

Copies of the 2024 AFS may be requested via email to cppcosec@leacorporateservices.co.za or query@collinsprop.co.za.

C H Wiese
Chairman

G C Lang
Director

27 May 2024

Sponsor: Questco Corporate Advisory (Pty) Ltd