

Collins Property Group 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")



UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF COLLINS PROPERTY GROUP LIMITED FOR THE SIX MONTHS TO 31 AUGUST 2024 AND CASH DIVIDEND DECLARATION

HIGHLIGHTS

- Distributable income per ordinary share ("DIPS"): 54 cents for the six months ended 31 August 2024.
- Interim dividend: 50 cents per ordinary share declared (31 August 2023: 40 cents).
- Vacancy rate of 3.0%
- Weighted average lease expiry ("WALE"): 4.2 years.
- Collection rate of 97.2%.
- Loan-to-Value ratio in terms of SA REIT Best Practice: 50%.
- All in cost-to-income ratio in terms of SA REIT Best Practice: 20%.

FINANCIAL INDICATORS

Unaudited	31 August 2024	31 August 2023	% Increase/ (decrease)
Revenue excluding straight-line rental income (R'000)	628 678	604 401	4.0%
Basic earnings per share in issue (cents)	54	42	28.6%
Headline earnings per share in issue (cents)	35	38	(7.9%)
Net asset value per share (cents)	1 501	1 262	18.9%
Interim dividend per share (cents)	50	40	25%
Net profit attributable to ordinary shareholders (R'000)	120 787	133 791	(9.72%)

BUSINESS ENVIRONMENT

The period under review proved quite eventful, notably on the political front, when the months preceding the election were marked by considerable uncertainty, translating into a wait-and-see attitude throughout the economy. The establishment of a Government of National Unity (GNU) at the end of June, however, brought considerable optimism, boosted further by declining inflation rates and Eskom's ability to provide the country with an uninterrupted power supply.

Nevertheless, impaired national infrastructure continues to limit the economy's ability to respond to the positive impetus and will likely constrain growth for the foreseeable future.

FINANCIAL PERFORMANCE

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

The Group reported a total distributable income of R177,1m for the six months ended 31 August 2024.

Total assets now amount to R12.1 billion (August 2023: R12.2 billion).

Net asset value per share stands at R15.0 compared to R12.6 in August 2023. The large increase in net asset value per share can be mostly attributed to deferred tax previously raised on future capital gains of R667 million being written back on the conversion to a REIT.

A loan-to-value ratio of 50% in terms of SA REIT Best Practice was achieved as well as an all-in cost-to-income ratio of 20%.

OPERATIONAL PERFORMANCE

Collins converted to a REIT in the second half of the previous financial year and is now listed on the JSE's Industrial REIT sector as one of two companies in this segment.

At the end of the reporting period, the Group's South-African portfolio comprised 120 properties located mainly in Gauteng and KwaZulu-Natal, as well as increasingly in the Western Cape. Together they provide about 1,5 million square metres of lettable space.

The core of the portfolio (66%) consists of industrial properties and distribution centres, leased on a long-term basis to major national clients. The balance of the South African portfolio consists of convenience retail properties (28%), an increasingly popular asset class, and office buildings (6%).

Of the total rental income, 79% is backed by national clients. This has proved a major contributing factor to the Group's ability to collect 97.2% of all income due, slightly down from 98.3%. The collection rate is expected to increase in the second half of the year as interest rates come down and inflation eases.

The already improving business climate has enabled the Group to reduce the overall vacancy rate from 3.9% as it was at 29 February 2024 to 3.0% at the end of the reporting period. The weighted average lease expiry date ("WALE") stands at 4,2 years, the same as it was at the end of the financial year on 29 February 2024.

In the Western Cape, The Group has sold 50% of a convenience retail centre at a yield of 7.75% and has started construction of a 20 000 square metre centre to be anchored by a Checkers Hyper. Further opportunities in the Western Cape are being pursued continually.

In terms of the Namibian portfolio there has also been a significant increase in activity. The Group is in the process of finalising the sale of 6 000 square metres of office space in the capital, Windhoek, that has stood vacant for an extended period. The transfer of another office block in the Steps Precinct is underway and should be completed before the end of the financial year.

Management also expects negotiations for the sale of the balance of the Namibian portfolio to have been completed by the beginning of 2025.

The Group is keen to grow its presence in Europe, at present The Group owns six properties in Austria and, as a member of a consortium, four in The Netherlands. All these properties are leased for the long-term to major tenants and provide a solid return on investment.

Management is constantly engaged in improving the quality of the portfolio by selling off less profitable non-core assets and applying the proceeds generated to acquire and invest in quality properties that satisfy market needs and extend the Group's geographic footprint, primarily in the Western Cape and abroad.

During the reporting period five properties were transferred to their new owners, generating R110 million in cash and another four are anticipated to conclude before the end of the financial year. Management is also in the process of concluding the sale of another six properties. In total, if all these transactions are successfully concluded, they will release some R420 million cash for investment, to be directed primarily offshore.

ORDINARY SHARE CASH DIVIDEND

The board of directors of Collins has approved and notice is hereby given of an interim dividend of 50 cents per share for the six months that ended 31 August 2024. The dividend is payable to Collins shareholders in accordance with the timetable set out below:

Last date to trade 'cum' dividend	Tuesday, 19 November 2024
Shares trade ex-dividend	Wednesday, 20 November 2024
Record date	Friday, 22 November 2024
Payment date	Monday, 25 November 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 November 2024 and Friday, 22 November 2024, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to the Central Securities Depository Participant accounts/ broker accounts on Monday, 25 November 2024.

Certificated shareholders' dividend payments will be paid on or about Monday, 25 November 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 period ended 31 August 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

The optimism following the establishment of the GNU and its impact on the economy had little time to reflect in the Group's results to end August. However, we do believe it will have a more pronounced effect in the remaining six months of the year as the new Cabinet works to improve the collapsed infrastructure across the spectrum that has for years handcuffed economic development.

There are already signs that the wait-and-see attitude that prevailed in the business community before the election has been replaced by a more upbeat sentiment regarding long-term investment.

Collins' strategic focus is to grow its distributable income in a sustainable and predictable manner. This is particularly applicable now that it has been converted to a REIT.

The Group has a history of more than a century of investing in property. Its consistent growth over the years has been guided by experienced and knowledgeable management. As this continues to this day, we are confident that in the current prevailing optimism, the company will continue to reward shareholders with above-average returns on their investment.

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 unaudited financial statements for the six months to 31 August 2024 ("2024 Interims") and does not include full or complete details. Any investment decisions by investors and shareholders should be based on consideration of the full 2024 Interims published on SENS on Monday, 4 November 2024.

Collins' full 2024 Interims have been released on SENS and are available on the JSE website at: <https://senspdf.jse.co.za/documents/2024/jse/isse/ccpe/ie2024.pdf>.

Collins' full 2024 Interims, which includes directors' commentary, has been published on the Company's website at: <https://collinsgroup.co.za/interim-results/interim-results-2025/>.

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

C H Wiese
Chairman

G C Lang
Director

4 November 2024

Sponsor: Questco Corporate Advisory (Pty) Ltd