INTEGRATED REPORT 2020

CASTLEVIEW PROPERTY FUND

AT A GLANCE

PORTFOLIO

Regional shopping centre

29 690 m^2 GLA

Total assets
R352 million

FINANCIAL HIGHLIGHTS

Shares in issue
34 188 520

Net asset value per share
515 cents

Loan-to-value ratio
47.1%

Distribution per share
32.05 cents

RETAIL REIT

Castleview is a property holding and investment company that is invested in a well-located small regional shopping centre in the Eastern Cape, with a strategy of accumulating a diversified portfolio of retail properties in South Africa over time, providing exposure to consumers from a cross-section of income categories.

Castleview was registered and incorporated on 6 July 2017 as a private company and listed its shares on the Alternative Exchange ("AltX") of the JSE on 20 December 2017.

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ABOUT THIS REPORT

Castleview Property Fund Limited ("Castleview" or the "company" or the "fund") is pleased to present its third integrated report to shareholders and stakeholders for the year ended 29 February 2020.

KEY DATA

Castleview Property Fund Limited
Registration number: 2017/290413/06
JSE share code: CVW
ISIN: ZAE000251633
(Approved as REIT by the JSE)

Castleview is a property holding and investment company that is, through its major subsidiary, FEC Prop Proprietary Limited ("FEC Prop"), invested in a well-located small regional shopping centre in the Eastern Cape, with a strategy of accumulating a diversified portfolio of retail properties in South Africa over time, providing investors with exposure to consumers from a cross-section of income categories.

This integrated report is primarily aimed at shareholders and providers of capital. The integrated report aims to present a balanced, understandable review of the business and provide an integrated assessment of the company's ability to create value over time.

MATERIALITY

Materiality assessments have been applied in determining the content and disclosure in the report, ensuring that the report is both concise and relevant to Castleview's shareholders. Material issues are considered to be those that could affect the company's ability to create value over time and are likely to have a significant impact on the current and projected revenue and profitability of the business.

The company aims to adopt the guidelines outlined in the International Integrated Reporting Council's ("IIRC") Framework as appropriate in future years. The IIRC Framework includes reporting in terms of the six capitals of value creation, being financial, intellectual, human, manufactured, social and relationship, and natural capital.

BASIS OF PREPARATION

This report, including the Annual Financial Statements, has been prepared taking account of the following:

- International Financial Reporting Standards ("IFRS")
- Companies Act, No. 71 of 2008, of South Africa ("Companies Act")
- JSE Listings Requirements
- King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™")
- Consideration of certain principles contained in the IIRC's Integrated Reporting Framework

ASSURANCE

The company's external auditor, Nolands Inc., has provided assurance on the annual financial statements and expressed an unqualified audit opinion. The annual financial statements have been prepared by Colin Dockrall, the financial director of Castleview. The content of the integrated report has been reviewed by the board of directors of the company ("board") and audit and risk committee, but has not been externally assured.

CORPORATE INFORMATION

Castleview's executive directors are the CEO, James Templeton and the financial director, Colin Dockrall, located at 411 The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, or via the company's website www.castleview.co.za.

Castleview welcomes feedback and any suggestions for the company's future reports. Please forward any comments to James Templeton (james@castleview.co.za) or Colin Dockrall (colin@castleview.co.za).

FORWARD-LOOKING STATEMENTS

This integrated report includes forward-looking statements that take account of inherent risks and uncertainties and, if one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may be different from those anticipated. Words such as believe, anticipate, intend, seek, will, plan, could, may, endeavour, project and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made, and Castleview does not undertake to update or revise any of them, whether as a result of new information, future events, or otherwise.

STATEMENT OF RESPONSIBILITY

The audit and risk committee and the board acknowledge their responsibility to ensure the integrity of this integrated report.

The annual financial statements included in this integrated report have been audited by the external auditors.

James Templeton

David Green Acting Chairman	**James Templeton** CEO	**Gregg Bayly** Chairman Audit and Risk Committee

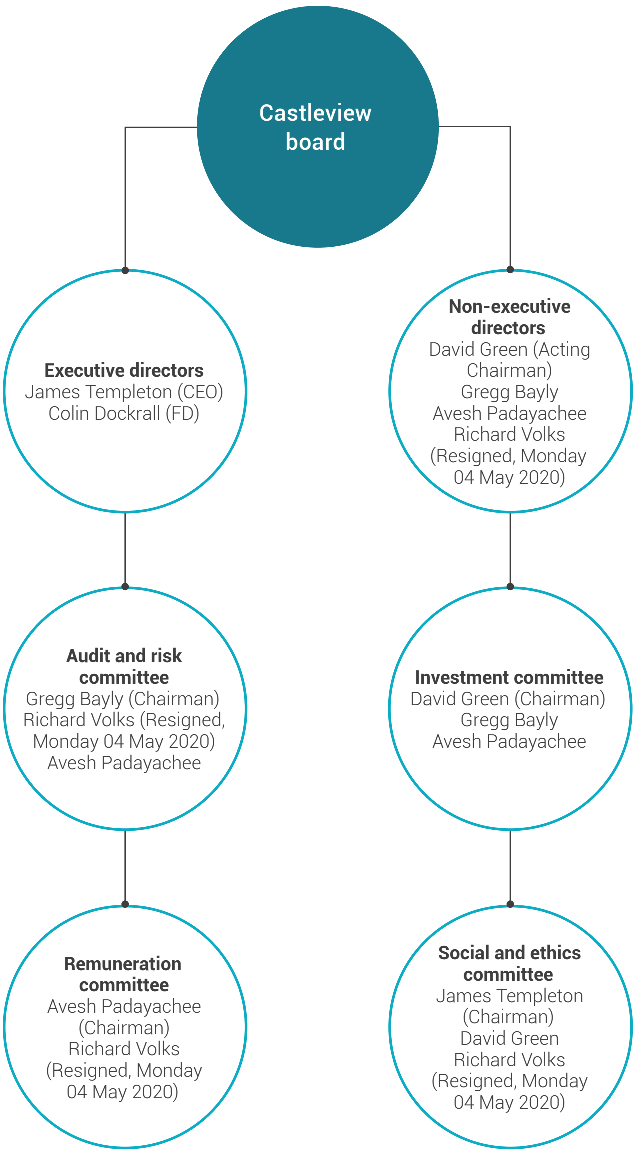
GROUP OVERVIEW

Castleview intends to invest in retail properties which are anchored by high-quality national tenants on long term, escalating leases, where opportunities to increase value to shareholders through sound asset management strategies are available. Castleview may also invest in listed property shares in the future.

The company's independent property valuer is Mike Gibbons of Mills Fitchet Magnus Penny.

GOVERNANCE STRUCTURE

The governance structures are set out below.



DIRECTORATE EXECUTIVE AND NON-EXECUTIVE

EXECUTIVE DIRECTORS

James William Andrew Templeton (47)

BComm (Hons) CFA

CEO

Appointed: 6 July 2017

James was employed at Barnard Jacobs Mellet, a prominent South African stockbroker from 1996 to 2003 where he covered various sectors including real estate. James was the chief executive officer of Emira Property Fund, a JSE listed REIT, from 2004 to 2015.

Colin Peter Dockrall (34)

BComm (Hons) CA(SA)

FD

Appointed: 1 March 2019

Colin started his career as an audit senior at JCB Incorporated in 2010, where he gained exposure to various industries. In 2015 he moved to MD Accountants & Auditors Incorporated where he was an Audit Supervisor, followed by an Audit Manager position at A.S. Pocock Incorporated from 2016 to 2018. Colin assumed the position of financial director of Castleview from 1 March 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Richard Gordon Volks (79)

BA LLB

Chairman, independent non-executive director

Appointed: 25 October 2017, Resigned 4 May 2020

Richard was lead property finance attorney for Syfrets Bank and Syfrets Trust between 1984 and 2000 and was also the chairperson of Board for admission of attorneys. He is currently employed as a consultant at Smith Tabata Buchanan Boyes, specialising in a variety of matters including: Estate planning and Trusts, Conveyancing, commercial, corporate and property law.

As announced to shareholders on SENS, Richard resigned from the Board effective 4 May 2020.

Avesh Padayachee (38)

BComm, LLB, MBA

Independent non-executive director

Appointed: 25 October 2017

Avesh was a corporate attorney at Webber Wentzel (Linklaters) in Johannesburg between 2005 and 2010. From 2010 to 2012 he completed his MBA at University of Pittsburgh, before founding Fibon Energy, a renewable energy company, in 2012, where he is currently chief executive officer and a director.

David James Green (58)

BA LLB

Independent non-executive director

Appointed: 25 October 2017

David is currently the CEO of ProAfrica Property Services and Chairman of listed, Acsion Limited. He has been involved in the listed Property arena since 2001 as fund manager for Capital and Centre City property funds which now largely form part of Hyprop. David is an admitted Advocate.

As announced on SENS, David was appointed as Acting Chairman of the board with effect from 11 May 2020 after the resignation of Richard Volks and will remain Acting Chairman until a suitable replacement is found.

Gregory Clifford Bayly (50)

BAcc, BComm (Hons), LLB ACMA, CGMA

Independent non-executive director

Appointed: 25 October 2017

Gregory is currently the chief investment officer at Southchester Investment Managers. He was previously the portfolio manager at Gryphon Asset Management from 1991 to 2007 where he managed and advised on a variety of properties. Gregory has also worked as an outsourced portfolio manager for various asset management companies from 2009 to 2011.

PORTFOLIO OVERVIEW

SECTORAL PROFILE

Based on gross lettable area ("GLA")	Based on gross rental	Tenant profile based on GLA	Vacancy profile based on
RETAIL: 78.2%	RETAIL: 84.2%	A: 68.1%	GLA: 11.5%
OFFICE: 13.9%	OFFICE: 11.3%	B: 17.9%	GROSS RENTAL: 13.5%
RESIDENTIAL: 7.9%	RESIDENTIAL: 4.5%	C: 14.0%	

Tenant profile table:

A *Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. These include, inter alia, Shoprite, FNB, Standard Bank, Nedbank, The Department of Mineral Resources, Private Security Industry Regulatory Authority.*

B *Smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms.*

C *Other local tenants and sole proprietors. These include 77 tenants.*

LEASE EXPIRY PROFILE

	Based on GLA %	Based on gross rentals %
Vacant	**11.5**	13.5
Monthly	**1.4**	1.5
Feb 2021	**29.9**	26.7
Feb 2022	**18.4**	18.7
Feb 2023	**15.5**	18.3
> Feb 2023	**23.2**	21.3
	100.0	100.0

SECTOR ANALYSIS

Property name	Physical address	Sector	Weighted average rental per m² (R/m²)	GLA (m²)	Vacancy (% of GLA)	Valuation as at 29 February 2020 (R'000)
Pier 14	444 Govan Mbeki Avenue, North End, Port Elizabeth	Retail	125.02	23 236	7.2	
Pier 14	444 Govan Mbeki Avenue, North End, Port Elizabeth	Office	100.86	4 115	12.9	
Pier 14	444 Govan Mbeki Avenue, North End, Port Elizabeth	Residential	127.77	2 339	52.2	
Total			121.84	26 690	11.5	**345 500**

The weighted average rental escalation, based on existing leases by GLA, is 6.8% for retail and 6.7% for offices. Residential leases are only for a period of up to 12 months and therefore there is no contractual escalation.

The property valuation as at 29 February 2020 was performed by Mills Fitchet Magnus Penny.

OTHER INFORMATION

The forward average annualised property yield was 9.3% at 29 February 2020.

STRATEGIC OVERVIEW

OUR BUSINESS MODEL

Castleview's strategy is to deliver capital and distribution growth to shareholders by investing in A-grade properties, which are yield-enhancing assets that offer consistent long-term growth.

How Castleview creates value

Inputs	Outputs
Financial Capital • Equity of R176m • LT and ST borrowings of R166m • Cash generated from operations of R27.3m • Efficient systems, controls and processes	• Income and capital growth for shareholders
Manufactured Capital • Pier 14 regional shopping centre	• Enhanced portfolio • Well-managed property generating growing income
Intellectual Capital • Executive and non-executive directors with extensive industry expertise and experience • Sound governance structures • Regulatory compliance	• Optimal investment decisions • Transparent disclosure
Human Capital • Properly constituted board and sub-committees with appropriate experience and independence • Remuneration policy aimed at attracting and retaining key staff	• Retention of key employees
Social and Relationship Capital • Established symbiotic relationship with key tenants • Established social and ethics committee	• Enduring relationships with tenants and partners • Positive contribution to wider South African society
Natural Capital • Efficient use of constrained resources such as water and electricity	• Waste recycling and reduction in carbon footprint

Strategic Focus

Managing assets responsibly to deliver capital and distribution growth to shareholders	Providing access to funding essential for operations and the group's ability to create value	Investing in strategic nodes to maximize returns	Maintaining properties to enhance their value and continually deliver on tenants' expectations

STAKEHOLDER ENGAGEMENT

The board believes that establishing strong partnerships with the company's stakeholders is crucial to managing the risks and capitalising on the opportunities arising from its business activities. Key stakeholders are groups who have an impact on Castleview's business strategy and are materially impacted by its business activities. Castleview is committed to ensuring timeous, effective and transparent communication with shareholders and other stakeholders as set out below.

Key stakeholders	Key issues	How Castleview engages	Responsibility
Shareholders	• Total returns • Consistent investment performance • Strategy execution • Portfolio growth • Capital appreciation • Risk management • Accessibility of executives • Timeous information	• Circulars, annual and interim results reporting • SENS announcements • Integrated report • Annual general meeting • Castleview's website	• CEO • FD
Financiers	• Capital management • Sustainability • Investment performance • Cash generation • Corporate governance and compliance • Risk management through loan-to-value ("LTV") and interest cover	• Agreed reporting • Regular meetings • Integrated report	• CEO • FD
Business partners and suppliers	• Professional working relationships • An understanding of the group's performance standards and requirements • Timely payment • Fair business practices	• Fosters a culture of teamwork • Regular meetings • Service level agreements or terms of reference, which include performance expectations	• CEO • FD • Castleview asset managers
Tenants	• Property management • Market related rentals and escalations • Good upkeep and maintenance of buildings	• Asset and property management meet with the tenants on a regular basis and conduct regular site visits to Castleview's property	• Asset and property managers
Independent valuers	• Reliable and timeous information	• Regular information flow • Formal and ad hoc meetings	• CEO, FD
Government and Regulators	• Compliance • Taxation • Adherence to JSE Listings Requirements • Company legislation • Utility issues • Rates clearances • Zoning	• Engages with local authorities both directly and via its property managers and external consultants	• Management • External consultants • Designated advisers and external consultants • Executives
Industry Associations	• Introduction of new legislation • Global and local trends	• Membership of professional bodies	• Executives and Property managers
Communities	• Socio-economic development • Environmental impact • Responsible corporate citizenship	• Regular evaluation of the group's impact on society and the environment	• Executives and Property managers

LEADERSHIP AND GOVERNANCE

CHAIRMAN AND CEO'S REPORT

The financial year to February 2020 continued along much the same lines as the previous reporting period, with tough domestic conditions persisting as a result of very limited growth in consumer spending, which negatively impacted tenants' revenue growth.

South African landlords across most sectors of real estate investment are being squeezed by a combination of: minimal growth – and sometimes declines – in rental rates when lease renewals are concluded; limited scope for attracting new tenants to vacant space; as well as increasing operating costs in the form of municipal rates, electricity, cleaning and security. All of this has had an adverse impact on property net income growth, which is not keeping pace with inflation.

The only mitigating factor to shareholders has been the decrease in prime interest rates from 10.25% at the beginning of the financial year to 9.75% by end February 2020, and four further reductions post year-end in March, April, May and July 2020 down to 7.00%.

Despite the mixed conditions, asset management efforts to retain tenants as well as increase the robustness of the income stream at Pier 14 Shopping Centre were successfully executed during the year, with the capital expenditure to convert the office tower to 111 residential apartments being completed, as detailed later in this report.

All of these drivers of the fund's performance during the past year will, however, pale into significance when the impact of the COVID-19 virus on the macro and micro markets are taken into consideration. At the time of writing this report, South Africa and most of the world remains in partial lockdown and the extent of the negative impact on revenue for Castleview and for all landlords worldwide has not yet been calculated.

The Castleview Board would like to offer their condolences to the families of all South Africans who have lost loved ones as a result of the COVID-19 virus and for those stakeholders who have and will continue to contribute to the ability for the fund to survive the uncertain times.

INVESTMENT STRATEGY

Castleview's mandate is to deliver healthy total returns to its shareholders via a robust income stream and capital growth of its assets and will not necessarily focus on the year-on-year growth.

The company intends investing in retail property opportunities across South Africa, aiming to establish a portfolio that caters to a diversified population across the various income categories. In addition, Castleview may also invest in listed property shares.

RESULTS

Castleview's balance sheet comprised assets of R352.3 million at period end, with one property valued at R345.5 million. The property was funded with senior bank debt of R129.6 million and a shareholder's loan of R36.6 million, resulting in a loan to value of 47.1% at 29 February 2020.

Revenue for the financial period was R45.5 million, which realised an operating profit before fair value adjustments of R28.1 million and, after allowing for fair value adjustments, the net cost of finance and tax resulted in total comprehensive income of R20.4 million. Headline earnings were 44.01 cents per share and distributable earnings 36.33 cents per share.

Total dividends per share for the year amounted to 51.18 cents, an increase of 37.5%, comprised as follows:

- an interim dividend of 16.71 cents for the six months to August 2019, which was paid in November 2019;
- a dividend of 18.26 cents paid in November 2019 as a result of extra profits in the financial year ended February 2018;
- a dividend of 0.87 cents for the six months ended 28 February 2019 as a result of extra profits in the financial year ended February 2019, which will be paid together with the final divided for the six months ended 29 February 2020;
- a final dividend of 15.34 cents per share for the six months ended 29 February 2020.

Castleview's net asset value per share equated to R5.15 at financial year-end which represents year-on-year growth of +1.4% (2019: R5.08).

MARKET CONDITIONS

According to Catalyst Fund Managers, in the twelve months to end February 2020 the SA listed property index was one of the worst performers of all the asset classes, showing a total return of -19.9%. This was in contrast to the bond market, which delivered 10.9%, cash 7.2% and equities at -5.7%.

The commercial real estate industry was severely impacted by tough fundamentals in all of the major sectors: offices are suffering from continued high vacancies; retailers are not seeing real growth in turnover which has impacted their ability to pay escalating rentals to retail landlords, and even the relatively outperforming industrial sector is not seeing much rental growth. All three sectors are suffering from operating costs that are rising by more than revenue.

Muted economic growth in South Africa is the driver of these fundamentals, with local economic growth of 0.7% in 2019, down from 0.8% in 2018. The economy entered a recession in

CHAIRMAN AND CEO'S REPORT (continued)

the fourth quarter of 2019. The International Monetary Fund was previously expecting GDP growth for 2020 of 0.8%, however this will have been substantially reduced once the effect of the COVID-19 virus has been taken into account.

PORTFOLIO PERFORMANCE

The portfolio vacancies rose from 8.7% of GLA at 28 February 2019 to 11.5% at 29 February 2020. Although retail vacancies declined during the period from 11.2% to 7.2%, vacancies in the office tower rose due to the work required to convert this office space to 111 residential apartments between May and December 2019.

Leasing of the residential units commenced in late 2019, with occupancy effective from 1 January 2020. By 29 February 2020, occupancy in the residential units at financial year end was 47.6%, with a steady take up of units being seen each month.

The new residential tower is expected to increase the cash flow from Pier 14, diversify the income stream, as well as bring increased foot traffic to the retail tenants, with the associated benefit to tenant turnover at the centre.

	GLA	Vacant GLA	28 February 19	GLA	Vacant GLA	29 February 2020
Retail	23 413	2 616	11.2%	**23 236**	**1 663**	**7.2%**
Office	6 968	31	0.4%	**4 115**	**531**	**12.9%**
Residential	–	–	–	**2 339**	**1 221**	**52.2%**
Total	30 381	2 647	8.7%	**29 690**	**3 415**	**11.5%**

Notwithstanding the tough economic conditions, total sales by tenants located at Pier 14 rose by 2.8% in the financial year as a result of new leases having been concluded, as well as the inherent growth in turnover from the centre's existing, diversified tenant base. This brought compound growth in turnover over the past three years to 3.6% per annum, while foot traffic grew by 1.6% in the past year and by 1.7% compound over three years.

Notwithstanding the cancellation of the headlease over the office tower and the resultant vacancies, net income from Pier 14 decreased only marginally from R30.1m to R29.7m on a year-on-year basis.

FUNDING

During the year under review, Castleview's drawn down facilities have increased moderately as a result of the capital expenditure for the residential apartments which totaled R23.1m. Total drawn down facilities of R166.2 million, representing a loan to value of 47.1%. Interest cover stood at in excess of 1.8 times.

Subsequent to year-end, the fund has paid back R28.0m of the shareholder's loan from URP1 through a drawdown from the undrawn ABSA Bank facilities. The ABSA facility, which is secured by a first mortgage bond and security cessions over the fixed property comprising Pier 14 Shopping Centre, has, subsequent to year-end, also been amended to allow for the capitalisation of interest for a period of up to six months due to the COVID-19 pandemic and the repayment date has been extended to April 2021.

GOVERNANCE AND SUSTAINABILITY

Castleview prides itself on its corporate governance and on the commitment of its leadership to both the business and these high standards.

This philosophy encompasses the financial performance and risk management of the group, which it strictly adheres to, but importantly it also extends to the social and environmental spheres and the impact that Castleview is able to have on society and the environment.

The daily interaction between Castleview and the shoppers at its property results in various interfaces in which the fund can positively impact on its stakeholders including community events and fund raising for various charities.

PROSPECTS

The spread of the COVID-19 virus globally in 2020 has had a significant impact on global economic growth and the government enforced lockdown, which commenced in South Africa on 27 March 2020 has meaningfully reduced foot traffic and turnover at the Pier 14, despite certain tenants' ability to continue trading. This has resulted in Castleview having to accommodate tenants in the form of rental relief and rental deferral.

The full financial impact of the COVID-19 pandemic will only be possible to accurately estimate once the lockdown has substantially ended and the majority of tenants are able to return to trading. Even then, it will take time for tenants to recover back to pre-COVID-19 levels. As a result, it is currently too early to provide shareholders with guidance for distributions for the coming year.

James Templeton

David Green
Acting Chairman

James Templeton
CEO

CORPORATE GOVERNANCE REPORT

Castleview is committed to upholding the highest standards of ethics, transparency and good governance while pursuing value creation in the short, medium and long term. The board is the custodians of good corporate governance within the group and accept accountability to stakeholders for the provision of value-enabling governance appropriate for Castleview.

ETHICAL LEADERSHIP

Castleview is committed to maintaining the highest standards of ethics and business conduct. The board continues to lead the company with integrity and competence that results in the achievement of Castleview's strategic objectives. The company continues to live out its implemented code of ethics ("the Code") that stipulates, among other things, that:

- all stakeholders must act in good faith with skill and care;
- bribery in any form is not tolerated;
- conflicts of interest must be declared; and
- compliance with all relevant and applicable legislation is extremely important.

The social and ethics committee is responsible for the oversight of the company's ethics although the board remains accountable for the way this is discharged.

The board confirms that it is not aware of any transgressions of the Code during the year and that no issues of non-compliance have arisen. No fines or prosecutions have been levied against the group during the period under review.

Issuer is:

- In compliance with the provisions of the Companies Act, specifically relating to its incorporation.
- Operating in conformity with its MOI.

THE BOARD

Members

Executive directors

James Templeton (CEO)

Colin Dockrall (FD)

Independent non-executive directors

Richard Volks (Chairman) (resigned 4 May 2020)

Gregg Bayly

David Green (Acting Chairman)

Avesh Padayachee

Castleview's board is constituted in terms of the company's Memorandum of Incorporation and in line with King IV. The majority of the board are independent non-executive directors bringing diversity to board deliberations and constructively challenging management.

The responsibilities of the independent non-executive Chairman, the CEO, and the remaining directors are strictly separated to ensure that no single director has unfettered decision-making powers and that appropriate balances of power and authority exist on the board. The independent non-executive directors contribute a wide range of industry skills, knowledge and experience, to the board's decision-making processes. Ultimate control of the group rests with the board of directors while the executives are responsible for the proper execution of the group strategy. To achieve this, the board determines the objectives of the group and sets the philosophy for investments, performance and ethical standards. Quarterly board meetings are held with additional meetings convened where required.

Castleview's executive directors do not have fixed-term contracts. There is no restraint of trade period in place in respect of executive directors. In terms of the company's Memorandum of Incorporation ("MOI"), one-third of the non-executive directors must be re-elected annually by shareholders at the annual general meeting.

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The board assumes collective responsibility for strategy, policy, oversight and accountability. With this in mind a formal board charter is in place that sets out the roles and responsibilities of the board and individual directors aligned with the provisions of relevant statutory and regulatory requirements.

The board confirms that it is responsible for ensuring the following functions as set out in the board charter:

- act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of Castleview along sound and ethical corporate governance principles;
  - steer and set direction with regards to both Castleview's strategy and the way in which specific governance areas are to be approached, addressed and conducted;
  - approve policy and planning that give effect to the company strategy;
  - oversee and monitor implementation and execution of the strategy by management; and
  - ensure accountability for organisational performance through reporting and disclosures.
- oversee and monitor that Castleview is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the company

CORPORATE GOVERNANCE REPORT (continued)

but also the impact that business operations have on the environment and the society within which it operates;

- consider Castleview's strategy against the six capital resources;
- exercise on-going oversight of the management of ethics within Castleview that promote ethical behaviour within the group;
- approve Castleview's financial objectives including, capital expenditure, treasury, capital and funding proposals;
- appreciate that strategy, risk, performance and sustainability are inseparable:
- provide effective leadership on an ethical foundation;
- ensure that Castleview has an effective and independent audit and risk committee;
- be responsible for the governance of risk;
- oversee and be responsible for the governance of information and technology within Castleview;
- monitor Castleview's compliance with applicable laws and consider adherence to non-binding rules, codes and standards;
- ensure that there are effective risk-based internal controls and audit processes;
- adopt a stakeholder-inclusive approach and consider stakeholders' perceptions of Castleview's reputation;
- review and oversee the integrity of the company's integrated annual report and the relevant disclosures in terms of King IV™ reporting;
- act in the best interests of Castleview by ensuring that individual directors adhere to legal standards of conduct; are permitted to take independent advice in connection with their duties and disclose real or perceived conflicts to the board and deal with them accordingly;
- Directors are expected to devote sufficient time and effort to prepare for meetings in order to participate fully and frankly in board discussions and bring the benefit of their particular knowledge, experience, skills and abilities to bear;
- review the succession plan for its directors including the Chairperson and CEO; and
- approve Castleview's Governance Framework that articulates and gives effect to its direction on relationships and the exercise of authority across Castleview.

INDEPENDENCE OF THE BOARD

Castleview ensures the independence of the board through the following practices:

- appointment of an independent non-executive director as Chairman (at the time of writing this report the board has an acting Chairman, with a full time replacement currently being searched for);
- clear separation of the roles of Chairman and CEO;
- appointment of a minimum of three independent non-executive directors (with the resignation of the Chairman subsequent to year-end, a new Chairman is currently being searched for);
- the audit and risk committee is comprised of only independent non-executive directors while the remuneration committee and social and ethics committee comprise a majority of independent non-executive directors;
- the audit and risk committee, investment committee, and remuneration committee are chaired by independent non-executive directors;
- no service contracts are in place in respect of non-executive directors; and
- all directors have access to the advice and services of the company secretary and with prior agreement from the Chairman, all directors are entitled to seek independent professional advice concerning the affairs of the group at the group's expense.

CORPORATE GOVERNANCE REPORT (continued)

ATTENDANCE AT MEETINGS

Meeting attendance is recorded in the table below.

CASTLEVIEW BOARD MEETING ATTENDANCES FOR THE YEAR ENDED 29 FEBRUARY 2020

	Name	Date 3 May 2019	Date 26 July 2019	Date 28 October 2019	Date 14 February 2020	Total
	Executive directors					
1	JWA Templeton	√	√	√	√	4/4
2	C Dockrall	√	√	√	√	4/4
	Independent non-executive directors					
3	RG Volks (Chairman)	√	√	√	√	4/4
4	GC Bayly	√	√	√	√	4/4
5	DJ Green	√	√	√	√	4/4
6	A Padayachee	√	√	√	√	4/4

The independence of the independent non-executive directors was assessed and all were deemed to meet the requirements of independence in terms of the recommendations of King IV™. The continued independence of these directors will be annually evaluated and confirmed.

NOMINATIONS

The board is collectively responsible for the identification, assessment and appointment of new directors, in a formal and transparent manner that is free from the dominance of any one particular shareholder. Any new appointees must possess the requisite skills to make a meaningful contribution to board deliberations and to enhance the composition of the board.

DIRECTORS' PERSONAL INTERESTS

A full list of directors' interests is maintained and directors at the beginning of each board meeting are required to confirm that the list is correct. Directors recuse themselves from any discussion and decision in which they have a material financial interest.

AUDIT AND RISK COMMITTEE

Members: Gregg Bayly (Chairperson), Richard Volks (resigned 4 May 2020) and Avesh Padayachee

Invitees: CEO, FD, company secretary and the external auditors

The committee, as recommended by the board and approved by the shareholders at the last AGM, comprised three independent non-executive directors, all of whom satisfied the requirements of the Companies Act. Having regard to Castleview's size and circumstances, the board satisfied itself that the committee was adequately skilled and all members possessed the appropriate financial and related qualifications, skills and financial expertise and experience required to discharge their responsibilities.

The audit committee is an independent statutory committee and has the cooperation of all directors, management and staff in order to perform its duties and has had access to all the required documentation in order to fulfill its tasks. The committee is satisfied that financial reporting met its required standards during the reporting period.

Role of the committee

The role of the committee is split into two main categories:

i). Audit

The role of the Committee is to provide independent oversight of the effectiveness of the internal financial controls and the system of internal controls to assist the Board in ensuring and monitoring the integrity of Castleview's Annual Financial Statements and related external reports. The Committee further oversees the effectiveness of Castleview's external and internal assurance functions and services that contribute to ensuring the integrity of Castleview's financial and integrated reporting.

Responsibilities include:

- The review and checking of all financial reports including the integrated report;
- The evaluation of internal financial controls;
- Following an evaluation and assessment of the external auditor and the designated audit partner, making recommendations to shareholders regarding the appointment or reappointment of the independent external auditor, as well as the suitability for such appointment and independence of the external auditor and audit partner;

CORPORATE GOVERNANCE REPORT (continued)

- The monitoring and evaluation of all external and internal audit work in terms of the combined assurance model; and,
- Ensure that appropriate financial reporting procedures have been established and are operating;
- Ensure that the Group's financial performance is properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, integrated annual reporting process, internal control systems and procedures and accounting policies;
- Ensure that the Committee fulfills its role in the corporate governance framework, including compliance with the company's MOI and King IV requirements.

ii). Risk

The role of the committee is to assist the Board to set the direction for the manner in which risk is managed and addressed while adopting a stakeholder-inclusive approach. Ensure that Castleview has implemented an effective policy and plan for risk management and compliance encompassing the opportunities and associated risks to be considered when developing strategy and the potential positive and negative effects of the same risks on the achievement of Castleview's strategic objectives.

Responsibilities include:

- review Castleview's risk framework and policy and assess and monitor the implementation of it;
- review specific risks such as insurance, litigation and health and safety;
- oversee a policy on the management of technology and information and monitor the responses to developments in technology;
- oversee that the executive team has identified and assessed all the risks and opportunities for Castleview in relation to all aspects of its business.

Activities during the reporting period

The committee has fulfilled its function and responsibilities, as mentioned above, and has executed its duties during the year under review, complying with its legal, regulatory and other responsibilities in accordance with its terms of reference. The Board did not assign any additional responsibilities to the committee.

The expertise and experience of the Financial Director, Colin Dockrall, was reviewed during the committee's annual assessment and the committee has satisfied itself thereof. In addition, it has considered and further satisfied itself of the expertise of the finance function and adequacy of resources and experience of senior members of management responsible for the financial function.

The committee is required to review the independence of the external auditors, Nolands Inc. In this regard, the committee is satisfied that the external auditor is independent.

Following the review by the committee of the annual financial statements of Castleview Property Fund for the year ended 29 February 2020, the committee is of the view that in all material respects they comply with the relevant provisions of the company's MOI, the Companies Act and IFRS and fairly presents Castleview's financial position at that date and the results of operations and cash flows for the year then ended.

The committee has also satisfied itself of the integrity of the remainder of the integrated report. Having achieved its objectives, the committee has recommended the integrated report for the year ended 29 February 2020for approval to the Board. The Board has subsequently approved the integrated report, which will be open for discussion at the forthcoming annual general meeting.

The committee has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of Castleview. The Board's statement on the going concern status of Castleview, which is supported by the committee, appears later in this integrated annual report.

ATTENDANCE AT MEETINGS

During the 2020 financial year, the committee met on four occasions and meetings were scheduled in line with Castleview's financial reporting cycle.

Meeting attendance is recorded in the table below.

AUDIT AND RISK COMMITTEE MEETING ATTENDANCES FOR THE PERIOD ENDED 29 FEBRUARY 2020

	Name	Date of meeting 3 May 2019	Date of meeting 26 July 2019	Date of meeting 28 October 2019	Date of meeting 14 February 2020	Total
1	GC Bayly (Chairman)	√	√	√	√	4/4
2	RG Volks	√	√	√	√	4/4
3	A Padayachee	√	√	√	√	4/4

CORPORATE GOVERNANCE REPORT (continued)

INVESTMENT COMMITTEE

Members: David Green (Chairman), Gregg Bayly, Avesh Padayachee

Invitees: CEO, FD

The members of this committee have extensive business experience and technical expertise in the real estate, renewable energy and finance sectors.

The investment committee considers all acquisitions, disposals and capital expenditure for recommendation to the board.

The investment committee met once during the financial period under review.

REMUNERATION COMMITTEE

Members: Avesh Padayachee (Chairman), Richard Volks (resigned 4 May 2020)

Invitees: CEO, FD

The committee met once during the year.

The remuneration committee is a committee of the board and is governed by terms of reference as approved by the board. These terms of reference are reviewed on an annual basis.

REMUNERATION REPORT AND POLICY

The remuneration committee is responsible for the group's remuneration policy and practices. The remuneration committee ensures the remuneration policy is aligned with Castleview's strategic objectives and goal.

Castleview is managed by Castleview Asset Managers (Pty) Ltd ("CAM") and the executive directors and asset management staff are employed and remunerated by CAM. The asset management agreement requires CAM to perform in line with agreed performance criteria. The remuneration committee is satisfied that CAM has implemented a remuneration structure that creates a performance based culture by adopting remuneration policies and practices with regard to executives and employees by aligning performance with the creation of sustainable returns to shareholders while meeting the needs of other stakeholders. Six internal property management staff are employed by Castleview. These individuals are managed by CAM and their employment contracts, salaries and incentives are also determined by CAM. There are no other full-time employees within the Group. The mixture of full-time and part-time employees will be monitored by the remuneration committee and will be adjusted appropriately as the business grows.

Castleview welcomes engagement with shareholders on remuneration issues to inform the voting process at the annual general meeting. In line with King IV™, Castleview is required to engage directly with shareholders should the remuneration policy, the implementation report, or both be voted against by 25% or more votes exercised. Through this engagement process management will endeavour to determine reasons for the dissenting votes and address legitimate objections and take reasonable measures to address shareholder concerns. At the 2019 annual general meeting, Castleview shareholders approved the remuneration policy and the remuneration implementation report, both by 100% of the voting rights exercised in respect of such resolutions.

As the business matures into a larger organisation it is envisaged that the remuneration policy will adapt and change accordingly. During the course of the 2021 financial period the committee will continue to monitor the appropriateness of the remuneration policy and how it is applied.

As a responsible corporate citizen Castleview strives to improve employment conditions across the business and implement initiatives that will over time realise the concept of fair and reasonable remuneration. This includes the promotion of employment equity and diversity in the workplace, skills development and remuneration benchmarking to ensure internal equity and equal pay for work of equal value.

Through CAM, Castleview's current remuneration structure consists of a mix of guaranteed remuneration and variable performance-related pay which is at risk. Guaranteed remuneration constitutes the employee's total cost to company package.

During the 2021 financial year, based on the growth of the company, Castleview will move towards a more integrated approach to reward strategy in which all components are aligned to the strategic direction and value drivers of Castleview.

REMUNERATION IMPLEMENTATION REPORT

The remuneration committee confirms that the CAM's remuneration structure with its policies and procedures has been consistently applied in the year under review.

The six internal property management staff employed by Castleview receive annual increases effective in March of each calendar year.

There was no short-term incentive plan in place for the period under review.

There was also no long-term incentive plan in place for the period under review.

CORPORATE GOVERNANCE REPORT (continued)

For emoluments paid to directors during the 2020 financial period, please refer to note 24 to the annual financial statements.

The proposed emoluments of the non-executive directors for the 2021 financial period are set out in the table below.

The non-executive directors are remunerated by Castleview. Other than fees paid to CAM in respect of asset management services and the company secretary in respect of company secretarial services, the company has not entered into any contracts relating to directors and/or managerial remuneration, secretarial and technical fees and restraint payments.

NON-EXECUTIVE DIRECTORS FEES FOR THE PERIOD ENDED 29 FEBRUARY 2020 AND PROPOSED FEES FOR 2020

	Directors' Fees	
Position	**2020 Actual R**	**2021 Proposed R**
Chairman of the board	**138 000**	151 800
Member of the board	**138 000**	151 800

Attendance at meetings

During the 2020 financial year, the committee met once.

Meeting attendance is recorded in the table below.

	Name	**Date of meeting 14 February 2020**	**Total**
1	A Padayachee (Chairman)	√	1/1
2	RG Volks	√	1/1

Avesh Padayachee
Remuneration committee Chairman

SOCIAL AND ETHICS COMMITTEE

Members: James Templeton (Chairman), David Green and Richard Volks (resigned 4 May 2020)

The social and ethics committee is a statutory committee focused on monitoring compliance with labour legislation as well as corporate social responsibilities, corporate citizenship, the impact of the company's activities on the environment, health and safety and customer relations. Despite being a statutory committee, it is constituted by the board and fulfills the required functions on behalf of the company. A charter governs the committee's responsibilities and duties.

SOCIAL AND ETHICS COMMITTEE REPORT

During the year, the committee focused on the following matters:

- Transformation.
- Maintaining appropriate policies and ensuring that initiatives emanating from these policies are appropriately implemented within Castleview.
- Monitoring compliance with the Broad Based Black Economic Empowerment Act.

Social and economic development

Monitoring the social and economic development of the company, including the company's standing in terms of the goals set out in the United Nations Global Compact Principles and the Organisation for Economic Co-operation and Development's recommendations regarding corruption.

Ethical conduct

Reviewing and approving the company's code of conduct and all policies and procedures relating thereto.

Good corporate citizenship

Considering sponsorship, donations and charitable giving to the community in which Castleview operates in.

During the year, Castleview decided to sponsor Excelsior Primary, a school located in Mount Croix, Port Elizabeth, which is in the immediate vicinity of Pier 14 Shopping Centre. Funds of approximately R45 000 were used by the school, which has approximately 450 pupils, to resurface the netball court and cricket practice nets.

Castleview's Social and Ethics Committee felt that the contribution it could make to the maintenance of the school's facilities would assist in the pupils' extra curricular activities. It also meant that rather than pupils and parents having to travel to opposing schools every weekend in order to play competitive netball, they were able to host the other schools, thereby preventing parents and pupils from incurring expenditure on travel arrangements.

CORPORATE GOVERNANCE REPORT (continued)

Sustainability

Monitoring employment relationships and the company's contribution to employees' self-development.
Monitoring workplace health and safety issues.
Consideration of the top sustainability issues as identified by management.

Stakeholder engagement

Monitoring Castleview's activities regarding consumer relationships and compliance with consumer protection law.
Consideration of stakeholder engagement.

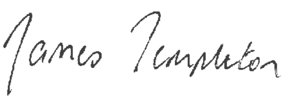
Attendance at meetings

During the 2020 financial year, the committee met on two occasions.

Meeting attendance is recorded in the table below.

SOCIAL AND ETHICS COMMITTEE MEETING ATTENDANCES FOR THE PERIOD ENDED 29 FEBRUARY 2020

	Name	Date of meeting 26 July 2019	Date of meeting 14 February 2020	Total
1	J Templeton (Chairman)	√	√	2/2
2	D Green	√	√	2/2
3	RG Volks	√	√	2/2



James Templeton
Social and ethics committee Chairman

COMPANY SECRETARY

The board has direct access to the company secretary, Statucor Proprietary Limited, who provides guidance and assistance in line with the requirements outlined in the Companies Act, King IV™ and the JSE Listings Requirements. The independence, competence, qualifications and experience of the company secretary is subject to annual evaluation by the board.

For the period under review, the board considered the competence, qualifications and experience of the company secretary and is satisfied that the company secretary is deemed fit to continue in the role as company secretary for Castleview. The company secretary's relationship with the board has been assessed and is considered to be at arm's-length.

INFORMATION TECHNOLOGY GOVERNANCE

The board is ultimately responsible for IT governance. The financial director oversees the information technology function, attends the executive committee meetings and reports to the CEO. The risks and controls over information technology assets and data are considered by the audit and risk committee.

DEALING IN SECURITIES BY THE DIRECTORS

Dealing in the group's securities by directors and group officials is regulated and monitored as required by the JSE Listings Requirements and the group's policy. Castleview maintains a closed period from the end of a financial reporting period to the date of publication of the financial results, and any other period when the company is under a cautionary announcement.

PROMOTION OF ACCESS TO INFORMATION ACT

There were no requests for information lodged with the group in terms of the Promotion of Access to Information Act, No. 2 of 2000, during the period under review.

DIVERSITY POLICY

The group is committed to actively managing diversity as a means of enhancing the company's performance by recognising and utilising the contribution of diverse skills and talent of its directors. Diversity may result from a range of factors including age, gender, ethnicity, cultural background, race or other personal factors

The policy applies to the board. It does not apply to diversity in relation to employees of Castleview, which is covered by the company's employment equity policy, according to South African labour legislation.

The social and ethics committee will review the policy annually, which will include an assessment of the effectiveness of the policy. The board has not set any voluntary targets in relation to the year ending 28 February 2021.

RISK MANAGEMENT

The board retains overall responsibility for risk management and for the definition of the company's overall risk strategy and tolerance, having considered the recommendations of the audit and risk committee.

Risk	Impact	Mitigation Strategies
Investment property portfolio		
Inability to source suitable properties to acquire	Inability to grow the portfolio	Regular interaction with key people in the industry
Damage to investment property	Financial loss to the company and reduced asset value	Comprehensive insurance policy based on replacement value of investment property Regular review of insurance policy and insured values Regular inspections of the property by the on site technical team
Operational performance		
Vacancies and rental default	Reduced profitability and returns to stakeholders Declining property valuations, reduced net asset values and risk of breach of financial covenants	Strong focus on tenant relationships to ensure retention Targeted leasing strategy, using in-house management team and interacting with external leasing agents Early renewal negotiations – tenants are engaged six months prior to lease expiry Effective credit control procedures for defaulting tenants
	Increased operational risk of vacancies and tenant default due to COVID-19 induced government shutdown of the economy	Intensive discussions with all of our tenants as the situation evolved on financial assistance (rental reductions and/or rental deferrals) that the fund is prepared to give them to see them through the lockdown and various stages of lockdown (Level 5, 4, 3 etc.)
Municipal under performance	Deterioration in services provided (water, rates, refuse, electricity) by local municipality would negatively impact on centre's ability to cater to tenants	Private landlords are increasingly becoming less reliant on municipal infrastructure e.g. private waste removal
Financing		
Interest rate risk	Increased cost of borrowings will reduce shareholder value	Maintain appropriate level of fixed interest rates and hedging
Failure to secure funds for acquisitions	Inability to grow the portfolio	Regular interaction with investors and bankers to ensure the availability of equity and/or debt for funding of acquisitions
Insufficient rental paid by tenants as a result of national shutdown due to COVID-19	Insufficient cash generated to pay running costs and interest, therefore CVW would be in default of loan	Negotiations on 6-month interest capitalisation with the fund's bankers
Inability to roll over bank debt due to COVID-19 induced bank crisis	Inability to secure roll over of existing facility/ new facility would result in CVW having to raise the funds to pay back the ABSA facility in October 2020	Early negotiations on renewal with the fund's bankers

RISK MANAGEMENT (continued)

Risk	Impact	Mitigation Strategies
Governance		
Non-compliance with regulations e.g. JSE Listings Requirements	Suspension or termination of the company's listing	Active monitoring by corporate sponsors and company secretary
	Occupational Health & Safety Act	Experienced staff on-site and well-established processes in place
Reputational risk	Loss of investor confidence and unit price volatility	Regular communication with stakeholders
Skills and systems		
Loss or operational inadequacy of key staff and advisers	Reduced operational capability and consequential impact on shareholder value	Relationships with key advisers governed by appropriately termed contracts Ability to replace advisers in the event of failure Attractive remuneration and working environment in place to encourage retention of key staff
Information technology failure	Loss of revenue as a result of loss of data Impact on the company's reputation in the event that the data is not recovered promptly	Support of appropriately skilled IT resources and contractors

KING IV™ COMPLIANCE

REGISTER OF APPLICATION OF THE KING IV™ PRINCIPLES

Castleview Property Fund Limited ("Castleview or the Company") is a listed company on the Alternative Exchange (AltX) of the Johannesburg Stock Exchange operated by the JSE Limited ("JSE").

The following table has been developed to provide a summary assessment of the application of the specific applicable recommendations of King IV™, which shows that Castleview applied all the principles of King IV™ during the financial period ended 29 February 2020.

APPLICATION OF THE KING IV™ PRINCIPLES

Leadership	
Principle 1	**The board should lead ethically and effectively** The board of directors exercises effective leadership, adhering to the duties of a director. The board as a whole has the necessary competence and the directors act ethically in discharging their responsibility to provide strategic direction and control of the Company as provided for in the board charter. The board charter outlines the policies and practices of the board on various matters such as conflicts of interest and independence. The directors adhere to Castleview's declarations of interest policy, which is based on the Companies Act and the JSE Listings Requirements. The board is committed to driving the strategy and operations of Castleview, based on an ethical foundation, to support a sustainable business, acting in the best interest of Castleview, while considering the economy, society as a whole, environment and its stakeholders. This consists of considering risks in the business and the monitoring of how management has implemented Castleview's strategy thereby ensuring accountability for the Company's performance.
Organisational ethics	
Principle 2	**The board should govern the ethics of the company in a way that supports the establishment of an ethical culture** The board determines and sets the tone of Castleview's values, including principles of ethical business practice, human rights considerations and the requirements of being a responsible corporate citizen and through the social and ethics committee approves the Company's code of ethics. Management has been delegated the responsibility for implementation and execution of the code of ethics and the board through the social and ethics committee exercises ongoing oversight of the management of ethics and ensuring it is integrated in the operations of the Company. The ethics code guides interaction with all stakeholders of the Company and addresses the key ethical risks of the Company.
Responsible corporate citizenship	
Principle 3	**The board should ensure that the company is and is seen to be a responsible corporate citizen** In accordance with its role of overseeing Castleview's conduct as a good corporate citizen, the board approves the strategy of the business including matters relating to sustainability. Through stakeholder engagement the board is committed to understanding the expectations of all stakeholders. Castleview is a values driven organisation and the board is committed to ensuring that the Company fulfils its legal and moral obligations as a good corporate citizen.
Strategy and performance	
Principle 4	**The board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process** In alignment with the purpose of Castleview, the board approves the Company's strategy, value drivers and legitimate expectations of its stakeholders ensuring the business remains sustainable after considering all risk factors. The board oversees and monitors the implementation and execution by management of the policies that drive strategy and ensures that the Company accounts for its performance through transparent reporting and disclosures.

KING IV™ COMPLIANCE (continued)

APPLICATION OF THE KING IV™ PRINCIPLES

Reporting	
Principle 5	**The board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects.** The integrated annual report provides a consolidated view of Castleview's financial, social and environmental performance, prospects and strategy in the context of our operating environment to enable stakeholders to make an informed assessment of the group's value creation in the short, medium and long-term. The board, through its audit and risk committee, ensures that the necessary controls are in place to verify and safeguard the integrity of reports and other disclosures. Castleview complies with all required disclosures. The audit and risk committee oversees the reporting process and reviews the interim and annual financial statements.
Primary role and responsibilities of the board	
Principle 6	**The board should serve as the focal point and custodian of corporate governance in the company** The board is committed to the highest standards of corporate governance. Its role and responsibilities and the way it executes its duties and decision-making are set out in the board charter and terms of reference of its committees. Through the delegations of authority, the board has set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the Chief Executive Officer.
Composition of the board	
Principle 7	**The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively** The board aims to ensure that its composition comprises a majority of independent non-executive directors. When considering appointments or re-election of directors the board gives consideration to the knowledge, skills and resources required for conducting the business as well as considering its size, diversity and demographics to ensure effectiveness. The board has adopted a diversity policy which promotes gender and race diversity at board level. The board is satisfied that there is a balance of skills, experience, diversity and knowledge required to discharge its role and responsibilities.
Committees of the board	
Principle 8	**The board should ensure that its arrangements for delegation within its own structure promote independent judgement and assist with balance of power and the effective discharge of its duties** Committees have been established to assist the board in discharging its responsibilities. The committees of the board comprise of an audit and risk committee, a social and ethics committee, investment committee and a remuneration committee. The committees are appropriately constituted and members are appointed by the board. External advisors, executive directors and members of management attend committee meetings by invitation. Formal terms of reference have been adopted by each committee and will be reviewed on an annual basis.
Evaluation of the performance of the board	
Principle 9	**The board should ensure that the evaluation of its own performance and that of its committees, its chairperson and its individual members, support continued improvement in its performance and effectiveness** The Chairperson of the board, assisted by the company secretary, conducts an internal evaluation process each year.

KING IV™ COMPLIANCE (continued)

APPLICATION OF THE KING IV™ PRINCIPLES

Appointment and delegation to management	
Principle 10	**The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities** The role and function of the CEO are specified in the board charter and the performance of the CEO is evaluated by the board against these criteria. It is the responsibility of the board to ensure that succession plans are in place for the position of the CEO.
Risk governance	
Principle 11	**The board should govern risk in a way that supports the company in setting and achieving its strategic objectives** The board has direct responsibility for the governance of risk and approves Castleview's risk policy that gives effect to its set direction on risk. The board is responsible for the approval of the risk profile and financial risk appetite and tolerance levels, ensuring that risks are managed within these levels. Management continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are put in place to address these risks. To support the board in ensuring risk management oversight, the audit and risk committee is responsible for ensuring effective monitoring of the relevant top risks.
Technology and information governance	
Principle 12	**The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives** The board is ultimately accountable for the governance of information technology management and has delegated this responsibility to the audit and risk committee. Assurance is sought to ensure that the information management controls in place are effective and that any risk identified are addressed. The information management strategy is aligned to Castleview's business needs and sustainability objectives. Measures to ensure that compliance to all relevant laws, information security and the protection of personal information are in place.
Compliance governance	
Principle 13	**The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen** Castleview's policy requires that all associated companies and their directors and employees comply with all applicable laws. Legal compliance systems and processes are continuously being put in place, to mitigate the risk of non-compliance with the laws in various jurisdictions in which Castleview does business. The board has delegated the responsibility for implementing compliance to management.
Remuneration governance	
Principle 14	**The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term** The board believes that Castleview has an appropriate rewards strategy for the current size of the company. The adopted policy ensures competitive and appropriate rewards outcomes for the employees of the company. The remuneration report, including the remuneration implementation report and the remuneration policy, is set out in the integrated annual report.

KING IV™ COMPLIANCE (continued)

APPLICATION OF THE KING IV™ PRINCIPLES

Assurance	
Principle 15	**The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports** The audit and risk committee is responsible for the quality and integrity of Castleview's reporting. As Castleview grows and the complexity of the business increases, the audit and risk committee will ensure that appropriate systems are put in place to ensure the integrity of information.
Stakeholders	
Principle 16	**In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balance the needs, interests and expectations of stakeholders in the best interests of the company over time** Castleview strives to ensure a systematic and integrated approach to stakeholder engagement ensuring that all stakeholder issues are identified, prioritised and appropriately addressed.

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2020

INDEX

The reports and statements set out below comprise the consolidated and separate annual financial statements presented to the shareholders:

Published 31 July 2020

The consolidated and separate annual financial statements for the year ended 29 February 2020 have been audited by Nolands Inc, in compliance with the applicable requirements of the Companies Act No 71 of 2008. The consolidated and separate annual financial statements were prepared by Colin Dockrall CA(SA).

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act No. 71 of 2008 (Companies Act) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual 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 period then ended, in conformity with International Financial Reporting Standards and the Companies Act. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and the Companies Act 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 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 all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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 consolidated and separate annual 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 and company's cash flow forecast for the year ending 28 February 2021 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 auditors are responsible for independently auditing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 26 to 28.

The consolidated and separate annual financial statements set out on pages 29 to 62, together with the directors' report on pages 28 to 30, which have been prepared on the going concern basis, was approved by the board of directors on 31 July 2020 and signed on their behalf by:

Approval of annual financial statements

James Templeton	Colin Dockrall
JWA Templeton	**C P Dockrall**

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CASTLEVIEW PROPERTY FUND LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate annual financial statements of Castleview Property Fund Limited (the group) set out on pages 32 to 62, which comprise the statements of financial position as at 29 February 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position as at 29 February 2020, 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 Annual Financial Statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. 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 annual financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The following key audit matter relates to the consolidated and separate annual financial statements

Consolidated Annual Financial Statements

Valuation of investment property

The group's investment property consists of one property being, Pier 14 Shopping Centre located in Port Elizabeth, with a total valuation, including the straight-lining lease adjustment, in the consolidated statement of financial position of R345.5 million. The fair value gain recognised for the year equated to R5.78 million.

The investment property is stated at its fair value based on the independent valuer's valuation thereof. The valuer used the discounted cash flow method to determine the fair value.

The data used in the discounted cash flow models incorporated significant unobservable inputs including expected market rental escalations, occupancy rates, expected expense growth, discount rates and exit capitalisation rates.

Due to the significant judgements, assumptions and estimation uncertainties involved in the determination of the fair value, the involvement of the external valuer, the significance of the balance and the work effort from the audit engagement team, the valuation of the investment property was considered a key audit matter for the consolidated annual financial statements.

Our audit procedures performed, included the following:

(a) We evaluated the competency, experience, qualifications and independence of the external valuer.

(b) We tested the data inputs utilised in the discounted cash flow forecast by agreeing them to approved and signed lease agreements and other supporting documentation.

INDEPENDENT AUDITOR'S REPORT (continued)

(c) We challenged the appropriateness of the rental escalations, occupancy rates and the expense growth rate assumptions based on actual rental escalations, historic increases in expenses and occupancy rates realised through retrospective comparisons.

(d) We calculated our own independent range of fair values and compared these to the independent valuer's valuation. We considered the fair value to fall within our acceptable range.

(e) We assessed the adequacy of the disclosures in the annual financial statements in relation to the requirements of the financial reporting framework.

Refer to notes 1.3 and 3 of the annual financial statements for further details on the method and assumptions that impact the fair value of the investment property.

Separate Annual Financial Statements

We have determined that there are no key audit matters in respect of the separate annual financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk 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. Other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate annual 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 annual 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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual 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 annual 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 annual 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.

INDEPENDENT AUDITOR'S REPORT (continued)

- 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 annual 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 annual financial statements, including the disclosures, and whether the consolidated and separate annual 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 annual 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate annual 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 Nolands Inc. has been the auditor of Castleview Property Fund Limited for three years.

Nolands Inc.

Nolands Inc.
Registered Auditors
Per. Craig Stansfield
Chartered Accountant (SA)
Registered Auditor
Director

Noland House
River Park,
River Lane,
MOWBRAY
7700

Cape Town
31 July 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Castleview Property Fund Limited (Castleview or the "company") and the group for the year ended 29 February 2020.

1. INCORPORATION

The company was incorporated on 06 July 2017 and obtained its certificate to commence business on the same day.

2. NATURE OF BUSINESS

Castleview is an investment entity incorporated in South Africa with interests in the property holding industry. The company does not trade, and all its activities are undertaken through its principal subsidiary. The group operates in South Africa. The JSE granted Castleview a listing of all its issued ordinary shares in the "Retail REITs" sector on the AltX of the JSE under the abbreviated name "Castleview", JSE share code "CVW" and ISIN: ZAE000251633 with effect from 20 December 2017.

3. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

Full details of the financial position, results of operations and cash flows of the group and company are set out in these consolidated and separate annual financial statements.

4. SHARE CAPITAL OF THE COMPANY

Authorised	2020 Number of shares	2019 Number of shares
Ordinary shares of no par value	1 000 000 000	1 000 000 000

Issued	2020 R	2019 R	2020 Number of shares	2019 Number of shares
Ordinary shares of no par value	171 025 800	165 000 000	34 188 520	33 000 000

On 19 November 2019 a dividend of 18.26000 cents per share was declared by the board of directors as a result of extra profits being available in the group. The shareholders were provided with the option to elect to re-invest the cash dividend in return for shares in the company. The shareholders unanimously elected to re-invest the cash dividend. This resulted in the issue of 1 188 520 shares on 11 December 2019. These shares were issued pursuant to a share re-investment alternative.

5. DIVIDENDS

A final gross dividend of 15.34000 cents per share was approved by the board of directors on 10 June 2020 in South African currency in respect of the 6 months ended 29 February 2020. The board declared a further dividend of 0.87000 cents per share as a result of extra profits in the financial year ended February 2019, bringing the total dividend payable up to 16.21000 cents per share (the "dividend"). The board provided shareholders with a share reinvestment alternative in respect of the dividend.

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 No 58 of 1962 (as amended).

During the year under review, the board approved and paid an interim gross dividend of 16.71000 cents per share.

Castleview uses distribution per share as the relevant measure of financial performance for the purposes of trading statements in terms of the JSE Listing Requirements.

DIRECTORS' REPORT (continued)

6. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality	
J W A Templeton	Chief Executive Officer	Executive	South African	
R G Volks	Chairperson	Non-executive Independent	South African	Resigned Monday, 04 May 2020
A Padayachee	Director	Non-executive Independent	South African	
D J Green	Director	Non-executive Independent	South African	
G C Bayly	Director	Non-executive Independent	South African	
C P Dockrall	Finance Director	Executive	South African	

7. INVESTMENTS IN SUBSIDIARIES

Details of material interests in subsidiary companies are presented in the consolidated and separate annual financial statements in note 5.

8. HOLDING COMPANY

The group's holding company is Urban Retail Property Investments 1 (Pty) Ltd which holds 90% of the group's equity. Urban Retail Property Investments 1 (Pty) Ltd is incorporated in South Africa.

9. EVENTS AFTER THE REPORTING PERIOD

A dividend of 15.34000 cents was declared on 10 June 2020 for the six months to 29 February 2020. The board declared a further dividend of 0.87000 cents per share as a result of extra profits in the financial year ended February 2019. The board approved a share reinvestment alternative in respect of these dividends, with all shareholders electing to reinvest the dividend.

A voluntary prepayment was made on the shareholder's loan in the amount of R28 million in March 2020.

Due to the impact of the COVID-19 pandemic on the local economy, the company has accommodated tenants and provided temporary rental relief for the months of April to July 2020. The reduced rent is not a deviation from the terms of the lease agreement, and the condition of the rent relief is that the reduced rent is paid in accordance with the terms of the lease agreement.

The company has offered rental reductions of between 20% and 80% in April 2020 and between 5% and 20% in May 2020, depending on the type of tenant. Minimal rental reductions were offered for the months June and July 2020, but the company is in negotiations with certain tenants for rental deferrals. As a result, this has resulted in a reduction of R4 090 350 in rental income representing 8% of forecasted revenue for the 2021 financial year.

In April 2020 foot traffic and tenant turnover was substantially down on a year-on-year basis. Foot traffic and tenant turnover has however started to recover from May 2020, with certain tenants in fact showing turnover growth year-on-year when compared to May 2019. Rental payments from tenants have started to improve with the lifting of lockdown restrictions, and are expected to improve as trading densities return to normal levels.

During April 2020, the company agreed with ABSA Bank for the capitalisation of interest on its bond facility for a period of six months, and an extension of the facility until April 2021. The company has subsequently also entered into negotiations with ABSA Bank with the view of extending the facility which currently expires in April 2021.

The Chairman, Mr R.G. Volks, resigned from the Board of directors on 4 May 2020. Mr D.J. Green was appointed as acting Chairman on 11 May 2020, and will act as Chairman until such time as a permanent appointment is made.

Save for the above, the directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

DIRECTORS' REPORT (continued)

10. GOING CONCERN

The directors believe that the group and company have adequate financial resources to continue in operation for the next twelve months and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and company 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 or company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group or company.

11. AUDITORS

At the upcoming annual general meeting, the shareholders will be requested to reappoint Nolands Incorporated as the independent external auditors of the company and to confirm Mr Craig Stansfield CA (SA), RA as the designated lead audit partner for the 2021 financial year.

12. COMPANY SECRETARY

The company secretary is Statucor Proprietary Limited.

Business address:

6th Floor
119 – 123 Hertzog Boulevard Foreshore
Cape Town
8001

13. ANALYSIS OF SHAREHOLDERS

Shareholders' spread analysis as at 29 February 2020	Number of shares	%
100 001 – 1 000 000 shares	3 418 852	10.00
1 000 001 shares and over	30 769 668	90.00
	34 188 520	100.00
Shareholders with an interest of 5% or more in shares		
Urban Retail Property Investments 1 (Pty) Ltd	30 769 668	90.00

	Number of shareholders	%	Number of shares	%
Public and non-public shareholders				
Public shareholders	19	10	3 418 852	10
Non-public shareholders	1	90	30 769 668	90
	20	100	34 188 520	100

As at 29 February 2020, and up to the date of approval of the annual financial statements, none of the directors of Castleview held a direct or indirect beneficial interest in Castleview shares.

SECRETARIAL CERTIFICATION

In accordance with section 88(2)(e) of the Companies Act, No. 71 of 2008, for the period ended 29 February 2020, it is hereby certified that the company and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required and that such returns are true, correct and up to date.

AJ Rich
On behalf of Statucor Proprietary Limited Company secretary

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2020

		GROUP		COMPANY	
Figures in Rand	**Note(s)**	**2020**	**2019**	**2020**	**2019**
Assets					
Non-Current Assets					
Property, plant and equipment	2	–	1 218 296	–	–
Investment property	3	338 798 677	309 400 474	–	–
Operating lease asset	4	6 701 323	4 381 230	–	–
Investments in subsidiaries	5	–	–	165 000 000	165 000 000
		345 500 000	315 000 000	165 000 000	165 000 000
Current Assets					
Loans to group companies	6	–	–	48 915 675	29 932 553
Trade and other receivables	7	3 223 413	3 529 488	304 762	285 000
Cash and cash equivalents	8	3 549 206	3 675 738	112 093	256 741
		6 772 619	7 205 226	49 332 530	30 474 294
Total Assets		352 272 619	322 205 226	214 332 530	195 474 294
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	9	171 025 800	165 000 000	171 025 800	165 000 000
Accumulated profit/(loss)		5 064 936	2 611 664	(6 657 628)	(3 631 644)
		176 090 736	167 611 664	164 368 172	161 368 356
Non-controlling interest		189 831	182 658	–	–
		176 280 567	167 794 322	164 368 172	161 368 356
Liabilities					
Non-Current Liabilities					
Loan from parent company	6	36 063 748	32 679 312	36 063 748	32 679 312
Mortgage bond	10	–	110 302 437	–	–
		36 063 748	142 981 749	36 063 748	32 679 312
Current Liabilities					
Trade and other payables	11	9 760 232	9 211 787	37 491	35 256
Loan from parent company	6	573 099	530 370	573 099	530 370
Loan from group companies	6	–	–	13 290 020	861 000
Mortgage bond	10	129 593 297	–	–	–
Current tax payable		–	1 686 998	–	–
Bank overdraft	8	1 676	–	–	–
		139 928 304	11 429 155	13 900 610	1 426 626
Total Liabilities		175 992 052	154 410 904	49 964 358	34 105 938
Total Equity and Liabilities		352 272 619	322 205 226	214 332 530	195 474 294

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2020

		GROUP		COMPANY	
Figures in Rand	**Note(s)**	**2020**	**2019**	**2020**	**2019**
Revenue	12	**45 492 823**	39 985 959	**18 990 642**	13 021 517
Other operating expenses		**(17 429 982)**	(15 796 994)	**(624 704)**	(228 157)
Operating profit	13	**28 062 841**	**24 188 965**	**18 365 938**	**12 793 360**
Investment income	14	**84 297**	567 462	**–**	–
Finance costs	15	**(15 179 776)**	(14 857 214)	**(3 439 922)**	(3 108 508)
Gain on fair value adjustment	16	**5 776 037**	709 632	**–**	–
Profit before taxation		**18 743 399**	**10 608 845**	**14 926 016**	**9 684 852**
Taxation	17	**1 686 998**	(442 630)	**–**	–
Profit and total comprehensive income for the year		**20 430 397**	**10 166 215**	**14 926 016**	**9 684 852**
Profit and total comprehensive income attributable to:					
Owners of the parent		**20 405 272**	10 157 461	**14 926 016**	9 684 852
Non-controlling interest		**25 125**	8 754	**–**	–
		20 430 397	**10 166 215**	**14 926 016**	**9 684 852**

		GROUP	
	Note(s)	**2020**	**2019**
Earnings per share information			
Basic and diluted earnings per share (cents)	18	**61.36**	30.78

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2020

Figures in Rand	Share capital	Accumulated profit/(loss)	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
Group					
Opening balance	**165 000 000**	**3 845 546**	**168 845 546**	**186 660**	**169 032 206**
Profit and total comprehensive income for the year	–	10 157 461	10 157 461	8 754	10 166 215
Dividends	–	(11 391 343)	(11 391 343)	(12 756)	(11 404 099)
Balance at 01 March 2019	**165 000 000**	**2 611 664**	**167 611 664**	**182 658**	**167 794 322**
Profit and total comprehensive income for the year	–	20 405 272	20 405 272	25 125	20 430 397
Issue of shares	6 025 800	–	6 025 800	–	6 025 800
Dividends	–	(17 952 000)	(17 952 000)	(17 952)	(17 969 952)
Balance at 29 February 2020	**171 025 800**	**5 064 936**	**176 090 736**	**189 831**	**176 280 567**
Note(s)	9				

Figures in Rand	Share capital	Accumulated profit/(loss)	Total attributable to equity holders of the group/ company
Company			
Opening balance	**165 000 000**	**(1 925 153)**	**163 074 847**
Profit and total comprehensive income for the year	–	9 684 852	9 684 852
Dividends	–	(11 391 343)	(11 391 343)
Balance at 01 March 2019	**165 000 000**	**(3 631 644)**	**161 368 356**
Profit and total comprehensive income for the year	–	14 926 016	14 926 016
Issue of shares	6 025 800	–	6 025 800
Dividends	–	(17 952 000)	(17 952 000)
Balance at 29 February 2020	**171 025 800**	**(6 657 628)**	**164 368 172**
Note(s)	9		

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

		GROUP		COMPANY	
Figures in Rand	**Note(s)**	**2020**	**2019**	**2020**	**2019**
Cash flows from operating activities					
Cash generated from/(used in) operations	19	**27 299 619**	24 344 538	**(644 468)**	12 701 092
Interest income		**84 297**	567 462	**–**	–
Finance costs		**(11 330 127)**	(10 734 061)	**–**	–
Net cash from operating activities		**16 053 789**	**14 177 939**	**(644 468)**	**12 701 092**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	**–**	(626 963)	**–**	–
Additions to investment property	3	**(23 124 176)**	–	**–**	–
Net cash from investing activities		**(23 124 176)**	**(626 963)**	**–**	**–**
Cash flows from financing activities					
Proceeds from mortgage bond		**18 868 379**	–	**–**	–
Repayment of mortgage bond		**–**	(54 765 627)	**–**	–
Dividends paid		**(11 926 200)**	(11 391 343)	**(11 926 200)**	(11 391 343)
Proceeds from loans from group companies		**–**	–	**18 529 020**	861 000
Loans advanced to group companies		**–**	–	**(6 103 000)**	(12 505 560)
Net cash from financing activities		**6 942 179**	**(66 156 970)**	**499 820**	**(23 035 903)**
Total cash movement for the year		**(128 208)**	**(52 605 994)**	**(144 648)**	**(10 334 811)**
Cash and cash equivalents at the beginning of the year		**3 675 738**	56 281 732	**256 741**	10 591 552
Total cash and cash equivalents at end of the year	8	**3 547 530**	**3 675 738**	**112 093**	**256 741**

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board (IASB) effective at the time of preparing these consolidated and separate annual financial statements, the JSE Listings Requirements, the interpretations issued by the International Financial Interpretations Reporting Committee (IFRIC) and the Companies Act, as amended.

These accounting policies are consistent with those applied in the preparation of the previous year's consolidated annual financial statements, except as described in note 1.20.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Valuation of investment properties to fair value

The discounted cash flow of the net operating income valuation method is used which assumes the net operating income for the next 10 years, taking into account the occupancy levels, estimated growth in revenue and operating costs. The discount rate is also adjusted for any projected market, business and financial volatility.

Determining the expected credit loss allowance of financial assets

Judgement is used to determine the recoverability of tenant and related receivables based on security held, experience with similar tenants, the period the amount is overdue and knowledge of the tenant's circumstances.

1.4 Investments in subsidiaries

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

ACCOUNTING POLICIES (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.5 Investment property

Property comprising of freehold land and buildings that is held for long-term rental yields or for capital appreciation or both, is classified as investment property and recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

A gain or loss arising on disposal of investment property is recognised in profit or loss, measured as the difference between the disposal proceeds and the carrying amount.

1.6 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all the expenditure which is directly attributable to the acquisition of the asset.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	5 to 15 years
Furniture and fixtures	5 to 15 years
Motor vehicles	5 to 6 years
Office equipment	5 to 7 years
Computer equipment	5 years
Signage	9 years

1.7 Financial instruments

Classification

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the transaction price of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and a financial liability, and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

ACCOUNTING POLICIES (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

Financial Assets

The following categories of financial assets are recognised in the statement of financial position: Loans receivable, cash and cash equivalents, and trade and other receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans receivable

Loans receivable are carried at amortised cost, less provisions made for irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognised at originated cost less an allowance for credit notes. The carrying amount of trade and other receivables is reduced by the impairment allowance using a lifetime expected credit loss (ECL) based on reasonable and supportable information that is available at the reporting date about past events, current conditions and a forecast of future economic conditions, taking into account an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and the time value of money.

Changes in the carrying amount of the allowance account are written off against the allowance account, and the recovery of amounts, subsequent to being written off, are recognised in profit or loss.

Impairment of financial assets

Lifetime expected credit losses are recognised for all financial assets at every reporting period for which there have been significant increases in credit risk since initial recognition, whether assessed on an individual or collective basis.

For certain categories of financial assets, such as loans receivable and trade and other receivables, assets are assessed for impairment on a collective basis, even if they were assessed not to be impaired individually, from initial recognition of the receivables on a collective basis.

Defaulting trade receivables are "non-performing" for more than 60 days.

The group's write-off policy determines that a trade receivable and loan receivable be derecognised only if all avenues of recovery have been exhausted.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment, at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities consist of loans payable, and trade and other payables. Financial liabilities are initially recognised at cost, and subsequently measured at amortised cost using the effective interest method.

ACCOUNTING POLICIES (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

Financial liabilities (continued)

Mortgage bond and loans payable

These liabilities are stated at amortised cost using the effective interest rate method.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Taxation and deferred taxation

Income tax expense comprises current and deferred taxation. Income tax expense is recognised in profit or loss.

Current tax is the expected tax payable on taxable income, after deducting the qualifying distribution for the period of assessment, using tax rates that have been enacted or substantively enacted by the reporting date and includes adjustments for tax payable in respect of previous years. In accordance with the REIT status, dividends declared are treated as a qualifying distribution in terms of section 25BB of the Income Tax Act, No 58 of 1962 (as amended).

The distribution received is presented gross of withholding tax in the financial statements.

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises:

- From the initial recognition of goodwill in a business combination;
- From the initial recognition of other assets and liabilities in a transaction which is not a business combination and affects neither accounting profit nor taxable income; or
- Differences related to investments in subsidiaries, joint ventures and associates, to the extent that it is probable that they will not reverse in the foreseeable future and the group is able to control the reversal.

Deferred tax is not recognised on the fair value of investment properties. Such items will be realised through sale and, in accordance with the income tax requirements relating to the REIT status, capital gains tax is not applicable.

Deferred tax is not recognised for temporary differences that will form part of future qualifying distributions.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income tax levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

ACCOUNTING POLICIES (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.9 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

The difference between the amount received and amount recorded as income is recorded as an operating lease asset on the face of the statement of financial position.

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.

1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Ordinary shares are classified as equity.

1.12 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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.13 Revenue

Revenue comprises gross rental revenue including all recoveries from tenants, excluding value-added taxation. Rental revenue from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Recoveries from tenants are recognised as revenue when the recovery becomes due by the tenant. Lease incentives granted are recognised as an integral part of the total rental income over the lease period.

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

ACCOUNTING POLICIES (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using the effective interest rate method.

1.15 Segmental reporting

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

There are no secondary segments. The business segments are determined based on the group's management and internal reporting structure which will be determined by the group's management.

On a primary basis, the group operates in the following segment:

– Mixed use

The group will from time to time invest in or divest from certain primary segments, in which case segmental reporting will be adjusted to reflect only the relevant operating segments.

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.

1.16 Earnings per share

The group presents basic earnings per share and headline earnings per share for its shares.

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 period, in compliance with circular 1/2019 by The South African Institute of Chartered Accountants.

There are no dilutionary instruments in issue.

1.17 Distributable earnings per share

Distributable earnings per share is calculated by dividing the distributable earnings calculated by the total number of shares in issue at year end.

Distributable earnings is calculated in compliance with the recommendations of best practice from the SA REIT Association, and exclude all those items that are traditionally not distributed, such as capital profits/losses from the disposal of investment property and fair value adjustments.

ACCOUNTING POLICIES (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.18 Distribution per share

Distribution per share is calculated by dividing the dividend declared by the board, by the total number of shares in issue at year end.

Dividend distributions to the company's shareholders are recognised as a liability in the company financial statements in the year in which the dividends are approved by the company's directors.

1.19 Net asset value per share

Net asset value per share is calculated by dividing the net assets by the total number of shares in issue at year end.

Net assets comprise total assets less total liabilities, less equity attributable to non-controlling interests.

1.20 Changes in significant accounting policies

The changes in the accounting policies reflected below are reflected in the group's consolidated financial statements as at and for the year ending 29 February 2020.

The group adopted IFRS 16 Leases on 1 March 2019. The Standard has a significant impact on lessees. As the Group has no significant leases from a lessee perspective, there has been no material impact of adopting IFRS 16.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

Group Figures in Rand	2020 Cost	2020 Accumulated depreciation	2020 Carrying value	2019 Cost	2019 Accumulated depreciation	2019 Carrying value
Plant and machinery	–	–	–	1 364 786	(215 413)	1 149 373
Furniture and fixtures	–	–	–	16 054	(7 418)	8 636
Motor vehicles	–	–	–	5 000	–	5 000
Office equipment	–	–	–	3 236	(1 664)	1 572
Computer equipment	–	–	–	24 347	(6 871)	17 476
Signage	–	–	–	61 879	(25 640)	36 239
Total	–	–	–	**1 475 302**	**(257 006)**	**1 218 296**

Reconciliation of property, plant and equipment – Group – 2020

Figures in Rand	Opening balance	Transfer to investment property	Disposals	Depreciation	Total
Plant and machinery	**1 149 373**	**(481 548)**	**(617 945)**	**(49 880)**	–
Furniture and fixtures	**8 636**	–	–	**(8 636)**	–
Motor vehicles	**5 000**	**(5 000)**	–	–	–
Office equipment	**1 572**	**(957)**	–	**(615)**	–
Computer equipment	**17 476**	**(9 635)**	–	**(7 841)**	–
Signage	**36 239**	**(850)**	–	**(35 389)**	–
	1 218 296	**(497 990)**	**(617 945)**	**(102 361)**	–

Reconciliation of property, plant and equipment – Group – 2019

Figures in Rand	Opening balance	Additions	Depreciation	Total
Plant and machinery	707 061	618 415	(176 103)	1 149 373
Furniture and fixtures	11 846	–	(3 210)	8 636
Motor vehicles	5 000	–	–	5 000
Office equipment	2 800	–	(1 228)	1 572
Computer equipment	13 796	8 548	(4 869)	17 476
Signage	44 070	–	(7 831)	36 239
	784 573	626 963	(193 241)	1 218 296

Property, plant and equipment encumbered as security

No property, plant and equipment have been pledged as security.

At year end, there were no contractual commitments for the purchase of property, plant and equipment.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

3. INVESTMENT PROPERTY

	GROUP	
Figures in Rand	**2020**	**2019**
Investment property at fair value	**338 798 677**	309 400 474

Reconciliation of investment property – Group – 2020

Figures in Rand	**2020**
Opening carrying value	**309 400 474**
Improvements	**23 124 176**
Fair value adjustment	**5 776 037**
Transfer from property, plant and equipment	**497 990**
Investment property valuation at year end	**338 798 677**
Operating lease asset	**6 701 323**
Valuation obtained	**345 500 000**

Reconciliation of investment property – Group – 2019

Figures in Rand	**2019**
Opening carrying value	308 690 842
Fair value adjustment	709 632
Investment property valuation at year end	309 400 474
Operating lease asset	4 381 230
Recognised in property, plant and equipment	1 218 296
Directors' valuation	**315 000 000**

Pledged as security

Mortgage bonds have been registered over the entire investment property as security for the interest-bearing liabilities as more fully described in note 10.

Details of property

Pier 14 Shopping Centre

A retail shopping centre located in Port Elizabeth.

This property consists of erven no. 3801 and 3536 situated in the Nelson Mandela Metropolitan Municipality held under title deed no. T19792/2007 and T20268/1994.

No contractual obligations exist to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

3. INVESTMENT PROPERTY (continued)

Details of valuation

On 1 March 2020, the company obtained a valuation from an independent valuer, Michael Gibbons at Mills Fitchet Magnus Penny & Wolffs. Michael Gibbons is a registered professional property valuer with a National Diploma in Property Valuations. He is a Member of the Institute of Valuers and currently serves on the Executive committee of the Southern Branch of the South African Institute of Valuers. Mills Fitchet Magnus Penny & Wolffs are not connected to the company and have recent experience in location and category of the investment property being valued. The property was revalued using the discounted cash flow of future income streams method. The key assumptions used by the independent valuer in determining fair value were as follows:

Unobservable inputs	2020
• Discount rate	**15.50%**
• Market cap rate	**9.50%**
• Expense growth rate	**7.00%**
• Income growth rate	**6.00%**
• Initial yield	**9.25%**
• Discounted cash flow term	**10 years**

In the prior year, the property was revalued by the directors using the discounted cash flow of future income streams method. The key assumptions used by the directors in determining fair value were as follows:

Unobservable inputs	2019
• Discount rate	15.00%
• Market cap rate	9.52%
• Expense growth rate	7.00%
• Income growth rate	6.00%
• Initial yield	9.66%
• Discounted cash flow term	10 years

Inter-relationship between key unobservable inputs and fair value measurements

The estimated fair value would increase/(decrease) if:

- Discount rate was lower/(higher)
- Capitalisation rate was lower/(higher)
- Expected expense growth rate was lower/(higher)
- Expected market rental growth rate was higher/(lower)
- Initial yield was lower/(higher)

The spread of the COVID-19 virus globally in 2020 has had a significant impact on global economic growth and the government enforced lockdown, which commenced in South Africa on 27 March 2020 has meaningfully reduced foot traffic and turnover at the Pier 14, despite certain tenants' ability to continue trading. This has resulted in Castleview having to accommodate tenants in the form of rental relief and rental deferral, with tenants divided into pools based on their ability to trade and the tenants' financial health.

Valuation sensitivity

The estimated impact of a change in the following significant unobservable inputs would result in a change in the valuation as follows:

Sensitivity analysis	Increase (decrease) in valuation
An increase of 100 basis points on the capitalisation rate, discount rate and the yield	**(R 32 265 000)**
A decrease of 100 basis points on the capitalisation rate, discount rate and the yield	**R 39 460 000**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

3. INVESTMENT PROPERTY (continued)

	GROUP	
Figures in Rand	**2020**	**2019**
Amounts recognised in profit and loss for the year		
Rental income from investment property	45 492 823	39 985 959
Direct operating expenses from rental generating property	(16 010 174)	(14 358 334)
	29 482 649	25 627 625

4. OPERATING LEASE ASSET

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Balance at the beginning of the year	4 381 230	6 152 965	–	–
Current year movement	2 320 093	(1 771 734)	–	–
	6 701 323	4 381 230	–	–

Future minimum lease payments

At year end, the future minimum lease payments under non-cancellable leases receivable were as follows:

	GROUP	
Figures in Rand	**2020**	**2019**
– within one year	31 050 099	32 482 253
– between two and five years	57 441 566	62 046 018
– more than five years	16 124 272	17 382 953
	104 615 937	111 911 224

During the current year the group was able to enter into new leases with multiple tenants, resulting in an increase in the operating lease asset. No leases have been cancelled and/or modified subsequent to year end and COVID-19 has therefore not had any impact on the operating lease asset.

The company's investment property is held to generate rental income. Rental of property is expected to generate approximately rental yields of 10% on an ongoing basis. Lease agreements have terms from 1 to 10 years. There is no contingent rent receivable.

5. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Name of company	Held by	% voting power 2020	% voting power 2019	% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
Direct: Castleview One (Pty) Ltd	Castleview Property Fund Limited	100.00%	100.00%	100.00%	100.00%	165 000 000	165 000 000
Indirect: FEC Prop (Pty) Ltd	Castleview One (Pty) Ltd	99.90%	99.90%	99.90%	99.90%	–	–

No impairment losses have been recognised to date.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

6. LOANS TO (FROM) GROUP COMPANIES

Subsidiaries

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Castleview One (Pty) Ltd	–	–	**48 915 675**	29 932 553
FEC Prop (Pty) Ltd	–	–	**(13 290 020)**	(861 000)
	–	**–**	**35 625 655**	**29 071 553**

These loans are unsecured, interest-free and are repayable on demand.

The fair value of loans receivable and payable are estimated to approximate their carrying value due to the short-term nature of these loans.

The group's write-off policy determines that a loan receivable be derecognised only if all avenues of recovery have been exhausted.

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 their loan and therefore management considers the loans recoverable. 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.

Parent company

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Urban Retail Property Investments 1 (Pty) Ltd	**(36 636 847)**	(33 209 682	**(36 636 847)**	(33 209 682)
This four-year loan facility is due and payable in full on 31 December 2021. This loan bears interest at SA Prime less 0.25% and is unsecured. Interest on this facility is capitalised to the loan for the duration of the loan and is repayable annually in arrears on 31 December each year. The capitalised interest due and payable on 31 December 2019 and 31 December 2020 was mutually agreed by both parties to be deferred and repaid at the end of the loan term.				
Subsequent to the reporting date, a voluntary prepayment was made on the shareholder's loan in the amount of R28 million.				
This loan facility is convertible into shares in the company at a conversion of the 5-day volume weighted average price ("VWAP") of the company at the date of exercise. This option exists at the election of the company.				
The fair value of the loan payable is estimated to approximate its carrying value due to the interest being market related for similar entities.				
Current assets	–	–	**48 915 675**	29 932 553
Non-current liabilities	**(36 063 748)**	(32 679 312)	**(36 063 748)**	(32 679 312)
Current liabilities	**(573 099)**	(530 370)	**(13 863 119)**	(1 391 370)
	(36 636 847)	**(33 209 682)**	**(1 011 192)**	**(4 138 129)**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

7. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Trade receivables	**1 255 712**	1 183 017	**–**	–
Amounts due from related parties	**304 762**	746 946	**304 762**	285 000
Other receivables	**512 793**	449 378	**–**	–
Rental guarantee	**1 150 146**	1 150 147	**–**	–
	3 223 413	**3 529 488**	**304 762**	**285 000**
Gross trade receivables	**2 775 223**	2 465 747	**–**	–
Impairment provision	**(1 519 511)**	(1 282 730)	**–**	–
Net trade receivables	**1 255 712**	**1 183 017**	**–**	**–**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. No material historical default rates exist that would result in any additional impairments.

Fair value of trade and other receivables

The fair value of trade receivables is estimated to be equivalent to the carrying amounts due to the short-term nature of these receivables.

Trade receivables past due but not impaired

Trade receivables which are less than 2 months past due are not considered to be impaired. At 29 February 2020, R597 290 (2019: R 871 845) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
1 month past due	**359 544**	321 561	**–**	–
2 months past due	**237 746**	550 284	**–**	–
	597 290	**871 845**	**–**	**–**

Trade receivables impaired

As of 29 February 2020, trade receivables of R 1 519 511 (2019: R 1 282 730) were impaired and provided for.

The ageing of these debts are as follows:

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Greater than 2 months	**1 519 511**	**1 282 730**	**–**	**–**

Reconciliation of provision for impairment of trade receivables

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Opening balance	**1 282 730**	895 340	**–**	–
Impairment loss recognised in trade receivables	**100 550**	1 112 792	**–**	–
Impairment loss reversed/utilised in trade receivables	**136 231**	(725 402)	**–**	–
	1 519 511	**1 282 730**	**–**	**–**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

7. TRADE AND OTHER RECEIVABLES (continued)

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. The historical loss rates are then adjusted for current and forwardlooking information on macroeconomic factors affecting the group's customers. The group has identified the gross domestic product (GDP) and inflation rate as the key macroeconomic factors. The group does not have any non-current trade and other receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Cash on hand	**5 913**	4 138	**–**	–
Bank balances	**3 543 293**	3 671 600	**112 093**	256 741
Bank overdraft	**(1 676)**	–	**–**	–
	3 547 530	**3 675 738**	**112 093**	**256 741**
Current assets	**3 549 206**	3 675 738	**112 093**	256 741
Current liabilities	**(1 676)**	–	**–**	–
	3 547 530	**3 675 738**	**112 093**	**256 741**

The carrying value of cash and cash equivalents approximates its fair value, due to the short-term nature of these balances.

All cash at bank are held by major, reputable financial institutions that management believes are of high credit quality and accordingly minimal credit risk exists.

The carrying amounts of cash and cash equivalents represent the maximum credit exposure.

9. SHARE CAPITAL

Authorised

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Ordinary shares of no par value	**1 000 000 000**	**1 000 000 000**	**1 000 000 000**	**1 000 000 000**

Reconciliation of number of shares issued:

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Opening balance	**33 000 000**	33 000 000	**33 000 000**	33 000 000
Issue of shares – ordinary shares of no par value	**1 188 520**	–	**1 188 520**	–
	34 188 520	**33 000 000**	**34 188 520**	**33 000 000**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

9. SHARE CAPITAL (continued)

Unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting. These shares were issued pursuant to a share re-investment alternative.

Issued

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
No par value ordinary shares	**171 025 800**	165 000 000	**171 025 800**	165 000 000

10. MORTGAGE BOND

Held at amortised cost

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
ABSA Bank	**129 593 297**	110 302 437	**–**	–
This loan is on an interest only repayment profile for 36 months, (commenced : 1 October 2017) following which the loan will be repayable in full.				
The loan bears interest at the South African Prime lending rate less 1%.				
Approval was granted by the financier for a moratorium on interest payments for a period of 6 months, effective 10 May 2020. A commensurate 6 month extension was granted on the loan term, with the new effective expiry date of the loan being 26 April 2021.				
The following security cession and credit support were provided:				
• Cession in security of rights in and to all leases and rentals in respect of the investment property;				
• Proceeds on any sale or transfer of the investment property;				
• Revenues in respect of the investment property;				
• Any claims in respect of insurance policies and insurance proceeds;				
• Limited guarantees by I Group Investments (Pty) Ltd for the amount of R25 000 000, including cession of claims and loan accounts;				
• A subordination agreement in terms of which all claims by Urban Retail Property Investments 1 (Pty) Ltd in I Group Investments (Pty) Ltd are subordinated in favour of ABSA Bank Limited; and				
• An undertaking by I Group Investments (Pty) Ltd to cover all funds needed for cash flow and interest shortfalls in respect of the investment property.				
Non-current liabilities	**–**	110 302 437	**–**	–
Current liabilities	**129 593 297**	–	**–**	–
	129 593 297	**110 302 437**	**–**	**–**

11. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Trade payables	**280 449**	913 048	**–**	–
Amounts received in advance	**1 154 403**	1 101 259	**–**	–
Value-added taxation	**2 997 744**	314 501	**–**	–
Deposits received	**4 005 675**	3 921 938	**–**	–
Other payables	**1 321 961**	2 961 041	**37 491**	35 256
	9 760 232	**9 211 787**	**37 491**	**35 256**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

11. TRADE AND OTHER PAYABLES (continued)

The fair value of trade and other payables is estimated to be equivalent to the carrying amounts due to the short-term nature of these payables.

12. REVENUE

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Rental income – rental guarantee	–	874 575	–	–
Property rental income	40 640 725	36 486 647	–	–
Interest income	–	–	10 520	273 027
Dividends received	–	–	18 980 122	12 748 490
Recoveries	4 852 098	2 624 737	–	–
	45 492 823	39 985 959	18 990 642	13 021 517

13. OPERATING PROFIT

Operating profit for the year is stated after charging (crediting) the following, amongst others:

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Employee costs				
Salaries, wages, bonuses and other benefits	1 757 975	1 773 799	–	5 600
Depreciation				
Depreciation of property, plant and equipment	102 361	193 241	–	–
Other				
Asset management fees	1 725 544	1 718 321	–	–
Cleaning	1 401 003	1 303 103	–	–
Rates and taxes	2 738 289	2 583 938	–	–
Repairs and maintenance	1 407 631	2 064 055	–	–
Security	1 901 860	1 808 157	–	–

14. INVESTMENT INCOME

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Interest income				
From investments in financial assets:				
Bank and other cash	84 297	567 462	–	–

15. FINANCE COSTS

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Parent company	3 427 165	3 097 985	3 427 165	3 097 985
Bank overdraft	12 757	–	12 757	–
Mortgage bond	11 739 545	11 745 496	–	–
Other interest paid	309	13 733	–	10 523
Total finance costs	15 179 776	14 857 214	3 439 922	3 108 508

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

16. GAIN ON FAIR VALUE ADJUSTMENT

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Fair value gains				
Investment property	**5 776 037**	709 632	**–**	–

17. TAXATION

Major components of the tax (income) expense

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Current				
Local income tax – overprovision prior years	**(1 686 998)**	–	**–**	–
Deferred				
Reversing temporary differences	**–**	442 630	**–**	–
	(1 686 998)	**442 630**	**–**	**–**

Reconciliation between accounting profit and tax expense.

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Accounting profit	**18 743 399**	10 608 845	**14 926 016**	9 684 852
Tax at the applicable tax rate of 28% (2019: 28%)	**5 248 152**	2 970 477	**4 179 284**	2 711 759
Tax effect of adjustments on taxable income				
S25BB qualifying distribution (REIT)	**(3 207 789)**	(2 970 477)	**(4 179 284)**	(2 711 759)
Fair value adjustments	**(1 671 290)**	–	**–**	–
Unrecognised deferred tax	**(369 073)**	–	**–**	–
Reversal of prior year deferred taxation	**–**	442 630	**–**	–
Prior period overprovision for taxation	**(1 686 998)**	–	**–**	–
	(1 686 998)	**442 630**	**–**	**–**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

18. PER SHARE INFORMATION

	GROUP	
Figures in Rand	**2020**	**2019**
Profit attributable to shareholders	20 405 272	10 157 461
Gain on fair value adjustment	(5 776 037)	(709 632)
Total non-controlling interest effects of adjustments	5 776	710
Headline earnings	14 635 011	9 448 539
Lease straight-lining adjustment	(2 320 093)	1 771 734
Depreciation	102 361	193 241
Deferred tax movement	–	442 629
Total non-controlling interest effects of adjustments	2 220	(2 408)
Distributable income	12 419 499	11 853 735
Number of shares in issue	34 188 520	33 000 000
Weighted average number of ordinary shares in issue	33 253 985	33 000 000
Earnings per share (c)	**61.36**	**30.78**
Headline earnings per share (c)	**44.01**	**28.63**
Distributable earnings per share (c)	**36.33**	**35.92**
Net asset value per share (c)	**515.06**	**507.91**
Distribution per share (c)	**32.05**	**37.23**

The company does not have any potentially dilutionary instruments in issue.

19. CASH GENERATED FROM/(USED IN) OPERATIONS

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Profit before taxation	18 743 399	10 608 845	14 926 016	9 684 852
Adjustments for:				
Depreciation	102 361	193 241	–	–
Gain on fair value adjustment	(5 776 037)	(709 632)	–	–
Dividends received	–	–	(18 980 122)	–
Interest income	(84 297)	(567 462)	–	–
Finance costs	15 179 776	14 857 214	3 427 165	3 097 984
Movements in operating lease assets and accruals	(2 320 093)	1 771 734	–	–
Movement in provision for doubtful debt	236 781	(387 390)	–	–
Changes in working capital:				
Trade and other receivables	69 294	(2 824 035)	(19 762)	–
Trade and other payables	1 148 435	1 402 023	2 235	(81 744)
	27 299 619	24 344 538	(644 468)	12 701 092

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

20. CATEGORIES OF FINANCIAL INSTRUMENTS

	2020			2019		
Group	**Financial liabilities at amortised cost**	**Financial assets at amortised cost**	**Total**	**Financial liabilities at amortised cost**	**Financial assets at amortised cost**	**Total**
Assets						
Current assets						
Trade and other receivables	–	3 223 413	3 223 413	–	3 529 488	3 529 488
Cash and cash equivalents	–	3 549 206	3 549 206	–	3 675 738	3 675 738
	–	6 772 619	6 772 619	–	7 205 226	7 205 226
Liabilities						
Non-current liabilities						
Mortgage bond	–	–	–	110 302 437	–	110 302 437
Loan from parent company	36 063 748	–	36 063 748	32 679 312	–	32 679 312
	36 063 748	–	36 063 748	142 981 749	–	142 981 749
Current liabilities						
Loan from parent company	573 099	–	573 099	530 370	–	530 370
Trade and other payables (*)	5 608 085	–	5 608 085	7 796 027	–	7 796 027
Bank overdraft	1 676	–	1 676	–	–	–
Mortgage bond	129 593 297	–	129 593 297	–	–	–
	135 776 157	–	135 776 157	8 326 397	–	8 326 397
Company						
Assets						
Current assets						
Loans to group companies	–	48 915 675	48 915 675	–	29 932 553	29 932 553
Trade and other receivables	–	304 762	304 762	–	285 000	285 000
Cash and cash equivalents	–	112 093	112 093	–	256 741	256 741
	–	49 332 530	49 332 530	–	30 474 294	30 474 294
Liabilities						
Non-current liabilities						
Loan from parent company	36 063 748	–	36 063 748	32 679 312	–	32 679 312
	36 063 748	–	36 063 748	32 679 312	–	32 679 312
Current liabilities						
Loan from parent company	573 099	–	573 099	530 370	–	530 370
Loans from group companies	13 290 020	–	13 290 020	861 000	–	861 000
Trade and other payables (*)	37 491	–	37 491	35 256	–	35 256
	13 900 610	–	13 900 610	1 426 626	–	1 426 626

* *Value-added tax and amounts received in advance are non-financial liabilities and are excluded from above.*

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

21. RISK MANAGEMENT

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 6 & 10, cash and cash equivalents disclosed in note 8, and equity as disclosed in the consolidated and separate statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. REIT legislation requires that a minimum of 75% of distributable income be distributed to shareholders annually.

Consistent with others in the industry, the group monitors capital on the basis of the loan-to-value ratio.

The loan-to-value ratio is calculated by dividing interest bearing borrowings, net of cash on hand, by the total of investment properties.

The group's strategy is to maintain a loan-to-value ratio of between 45% to 55%. REIT legislation requires that the loan-to-value ratio be below 60%.

The loan-to-value ratio at 2020 and 2019 was as follows:

Loan to value ratio	47.1% (2019: 44.4%)

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. Approval was granted by ABSA Bank for a moratorium on interest payments on the mortgage bond for a period of 6 months, effective 10 May 2020. A commensurate 6-month extension was granted on the loan term, with the new effective expiry date of the mortgage bond being 26 April 2021.

The Group mitigates its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. 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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

21. RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated and separate statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years
Group			
At 29 February 2020			
Mortgage bond	**136 207 955**	**–**	**–**
Loan from parent company	**3 426 056**	**36 063 748**	**–**
Trade and other payables (*)	**5 608 084**	**–**	**–**
	145 242 095	**36 063 748**	**–**
At 28 February 2019			
Mortgage bond	10 977 211	118 075 799	–
Loan from parent company	3 451 865	3 804 720	33 408 321
Trade and other payables (*)	7 796 027	–	–
	22 225 103	**121 880 519**	**33 408 321**
Company			
At 29 February 2020			
Loan from parent company	**3 426 056**	**36 063 748**	**–**
Loan from group companies	**13 290 020**	**–**	**–**
Trade and other payables (*)	**37 491**	**–**	**–**
	16 753 567	**36 063 748**	**–**
At 28 February 2019			
Loan from parent company	3 451 865	3 804 720	33 408 321
Loan from group companies	861 000	–	–
Trade and other payables (*)	35 256	–	–
	4 348 121	**3 804 720**	**33 408 321**

* *Value-added tax and amounts received in advance are non-financial liabilities and are excluded from above.*

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

21. RISK MANAGEMENT (continued)

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Group policy is to maintain approximately 50% of its borrowings in fixed rate instruments. During 2020 however, the group's borrowings were maintained at variable rates as variable rate interest earnings on cash and equivalents held offsets the risk of fluctuations in interest rates.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

Management is monitoring the local and global interest rate environment which is currently benign. Should the cost of hedging a portion of the interest rate risk become affordably priced, a portion of the debt will be fixed.

At 29 February 2020, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R 1 234 816 (2019: R 1 235 706) lower/higher for the group, and R272 164 (2019:R 243 666) lower/higher for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

Cash flow interest rate risk

	Current interest rate	Due in less than a year	Due in one to two years
2020			
Group			
Cash in current banking institutions	**6.25 %**	**3 543 293**	**–**
Bond over property – floating rate	**8.75 %**	**129 593 297**	**–**
Loan from parent company	**9.50 %**	**573 099**	**36 063 748**
Company			
Cash in current banking institutions	**6.25 %**	**112 093**	**–**
Loans from group companies	**–**	**13 290 020**	**–**
Loans to group companies	**–**	**48 915 675**	**–**
Loan from parent company	**9.50 %**	**573 099**	**36 063 748**

	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years
2019				
Group				
Cash in current banking institutions	6.25 %	3 671 600	–	–
Bond over property – floating rate	9.25 %	–	110 302 437	–
Loan from parent company	10.00 %	530 370	–	–
Company				
Cash in current banking institutions	6.25 %	256 741	–	–
Loan from parent company	10.00 %	530 370	–	32 679 312
Loans to group companies	–	29 932 533	–	–
Loans from group companies	–	861 000	–	–

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

21. RISK MANAGEMENT (continued)

Credit risk

Credit risk consists mainly of cash and cash equivalents, group company loans and other trade debtors. The company only deposits cash with major banks with high quality credit standing.

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). The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

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

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Financial instrument				
Cash and cash equivalents *	**3 543 293**	3 671 600	**112 093**	256 741
Trade and other receivables	**3 223 413**	3 529 488	**304 762**	285 000
Loans to group companies	**–**	–	**48 915 675**	29 932 553

* *The group is not exposed to credit risk in relation to cash on hand and it is consequently excluded from above.*

22. FAIR VALUE INFORMATION

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Levels of fair value measurements				
Level 3				
Recurring fair value measurements				
Assets				
Investment property				
Pier 14 Shopping Centre (*)	**345 500 000**	313 781 704	**–**	–
Total	**345 500 000**	**313 781 704**	**–**	**–**

* *Includes investment property and operating lease asset.*

The fair value of trade and other receivables, cash and cash equivalents and trade and other payables approximate their carrying value and are not included in the hierarchy analysis as their settlement terms are short-term and therefore from a materiality perspective their fair values are not required to be modelled.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

22. FAIR VALUE INFORMATION (continued)

Fair value hierarchy (continued)

Reconciliation of assets and liabilities measured at level 3

Figures in Rand	
Group – 2020	
Investment property	
Opening carrying value	**313 781 704**
Fair value adjustment	**5 776 037**
Movement in operating lease asset	**2 320 093**
Improvements	**23 124 176**
Transfer from property, plant and equipment	**497 990**
Total investment property	**345 500 000**
Group – 2019	
Investment property	
Opening carrying value	314 843 807
Movement in operating lease asset	(1 771 734)
Fair value adjustment	709 632
Total investment property	**313 781 704**

Gains and losses recognised in profit or loss are included in fair value adjustments on the Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

23. RELATED PARTIES

Relationships

Ultimate holding company	Urban Retail Property Investments 1 (Pty) Ltd
Subsidiaries	Refer to note 5
Companies under common directorship	Castleview Asset Managers (Pty) Ltd

Related party balances

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Loan accounts – Owing (to) by related parties				
Urban Retail Property Investments 1 (Pty) Ltd	**(36 636 847)**	(33 209 682)	**(36 636 847)**	(33 209 682)
Castleview One (Pty) Ltd	**–**	–	**48 915 675**	29 932 553
FEC Prop (Pty) Ltd	**–**	–	**(13 290 020)**	(861 000)
Amounts included in trade receivables regarding related parties				
Castleview Asset Managers (Pty) Ltd	**304 762**	419 563	**304 762**	285 000

Related party transactions

	GROUP		COMPANY	
Figures in Rand	**2020**	**2019**	**2020**	**2019**
Interest capitalised on loan owing to parent company				
Urban Retail Property Investments 1 (Pty) Ltd	**3 427 165**	3 097 985	**3 427 165**	3 097 985
Asset management fees paid to company under common directorship				
Castleview Asset Managers (Pty) Ltd	**1 725 544**	1 718 321	**–**	–
During 2017, the group entered into an asset management agreement whereby Castleview Asset Managers (Pty) Ltd would provide certain asset management services to the group, for a fee of 0.5% of the enterprise value, which is defined at an amount equal to the market capitalisation plus borrowings.				
Compensation to directors and other key management				
Short-term employee benefits	**552 000**	480 000	**–**	–

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

24. DIRECTORS' EMOLUMENTS

Executive and non-executive

2020	Directors' emoluments	Total
Group		
R G Volks (*)	138 000	138 000
A Padayachee (*)	138 000	138 000
D J Green (*)	138 000	138 000
G C Bayly (*)	138 000	138 000
	552 000	552 000

* *Non-executive director*
** *Executive director*

2019	Directors' emoluments	Director's fee via Castleview Asset Managers (Pty) Ltd	Total
Group and company			
E Kruger (**)	–	758 250	758 250
R G Volks (*)	120 000	–	120 000
A Padayachee (*)	120 000	–	120 000
D J Green (*)	120 000	–	120 000
G C Bayly (*)	120 000	–	120 000
	480 000	**758 250**	**1 238 250**

* *Non-executive director*
** *Executive director*

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (continued)

25. DIVIDEND PAYABLE

A final gross dividend of 15.34000 cents per share was approved by the board of directors on 10 June 2020 in South African currency in respect of the 6 months ended 29 February 2020. The board declared a further dividend of 0.87000 cents per share as a result of extra profits in the financial year ended February 2019, bringing the total dividend payable up to 16.21000 cents per share (the "dividend"). The board provided shareholders with a share reinvestment alternative in respect of the dividend.

26. SEGMENT ANALYSIS

Segment information

At 29 February 2020, the group is organised into one main operating segment, being the Pier 14 Shopping Centre located in Govan Mbeki Road, Port Elizabeth. This is the only reportable segment whose information is considered by the Chief Operating Decision Maker which is the board of directors. As such no further segmental information is provided.

27. EVENTS AFTER THE REPORTING PERIOD

A dividend of 15.34000 cents was declared on 10 June 2020 for the six months to 29 February 2020. The board declared a further dividend of 0.87000 cents per share as a result of extra profits in the financial year ended February 2019. The board approved a share reinvestment alternative in respect of these dividends, with all shareholders electing to reinvest the dividend.

A voluntary prepayment was made on the shareholder's loan in the amount of R28 million in March 2020.

Due to the impact of the COVID-19 pandemic on the local economy, the company has accommodated tenants and provided temporary rental relief for the months of April to July 2020. The reduced rent is not a deviation from the terms of the lease agreement, and the condition of the rent relief is that the reduced rent is paid in accordance with the terms of the lease agreement.

The company has offered rental reductions of between 20% and 80% in April 2020 and between 5% and 20% in May 2020, depending on the type of tenant. Minimal rental reductions were offered for the months June and July 2020, but the company is in negotiations with certain tenants for rental deferrals. As a result, this has resulted in a reduction of R4 090 350 in rental income representing 8% of forecasted revenue for the 2021 financial year.

In April 2020 foot traffic and tenant turnover was substantially down on a year-on-year basis. Foot traffic and tenant turnover has however started to recover from May 2020, with certain tenants in fact showing turnover growth year-on-year when compared to May 2019. Rental payments from tenants have started to improve with the lifting of lockdown restrictions, and are expected to improve as trading densities return to normal levels.

During April 2020, the company agreed with ABSA Bank for the capitalisation of interest on its bond facility for a period of six months, and an extension of the facility until April 2021. The company has subsequently also entered into negotiations with ABSA Bank with the view of extending the facility which currently expires in April 2021.

The Chairman, Mr R.G. Volks, resigned from the Board of directors on 4 May 2020. Mr D.J. Green was appointed as acting Chairman on 11 May 2020, and will act as Chairman until such time as a permanent appointment is made.

Save for the above, the directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

28. GOING CONCERN

The directors believe that the group and company have adequate financial resources to continue in operation for the next twelve months and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and company 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 or company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group or company.

NOTICE OF ANNUAL GENERAL MEETING

Castleview Property Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2017/290413/06)
JSE share code: CVW ISIN: ZAE000251633
(Approved as a REIT by the JSE)
("**Castleview**" or "**the company**" or "**the group**")

Notice is hereby given that the annual general meeting of shareholders of Castleview will take place at The I Group, 411 The Hills, Buchanan Square, Sir Lowry Road, Woodstock, Cape Town on Friday, 4 September 2020 at 13:00 ("**the annual general meeting**") for the purposes of:

- presenting of the audited consolidated annual financial statements of the company and the group, including the reports of the directors, the social and ethics committee and the audit and risk committee, for the period ended 29 February 2020;
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company, including the reappointment of the auditors and the re-election of retiring directors; and
- considering and, if deemed fit, adopting, with or without modification, the special and ordinary resolutions set out below:

Important dates	**2020**
Record date for purposes of receiving this notice:	Friday, 24 July
Last day to trade in order to be eligible to participate in and vote at the annual general meeting:	Tuesday, 25 August
Record date for purposes of voting at the meeting ("**voting record date**"):	Friday, 28 August
Last day forms of proxy should be lodged with the transfer secretaries for the annual general meeting (by 13:00) failing which forms of proxy may be handed to the transfer secretaries or the chairman prior to the commencement of voting at the general meeting:	Wednesday, 2 September
Annual general meeting held at 13:00 on:	Friday, 4 September
Results of annual general meeting released on SENS on:	Friday, 4 September

Kindly note that in terms of section 62(3)(e) of the Companies Act, No. 71 of 2008 ("the Companies Act"):

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder;
- a proxy need not also be a shareholder of the company;
- meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting; and
- the chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified.

Forms of identification include valid identity documents, drivers' licences and passports.

1. ORDINARY RESOLUTION NUMBER 1: RE-ELECTION OF AVESH PADAYACHEE AS A DIRECTOR

Mr Avesh Padayachee retires by rotation and, being eligible, offers himself for re-election as a non-executive director of the company. "Resolved that the re-election of Mr Avesh Padayachee as non-executive director to the company be confirmed."

An abridged curriculum vitae is included on page 4 of the integrated annual report of which this notice forms part.

The board of directors has considered Mr Avesh Padayachee past performance and contribution to the company and recommends that he be re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

NOTICE OF ANNUAL GENERAL MEETING (continued)

2. ORDINARY RESOLUTION NUMBERS 2.1 TO 2.3: APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

2.1 Ordinary resolution number 2.1

Appointment of Mr Gregory Bayly as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, No. 71 of 2008 to appoint Mr Gregg Bayly as a member of the audit and risk committee."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

2.2 Ordinary resolution number 2.2

Appointment of Mr David Green as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, No. 71 of 2008, to appoint Mr David Green as a member of the audit and risk committee, whose dual role as Chairman of the board of directors and member of the audit and risk committee is hereby specifically approved."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

2.3 Ordinary resolution number 2.3

Appointment of Mr Avesh Padayachee as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, No. 71 of 2008, but subject to the passing of ordinary resolution number 1 above to appoint Mr Avesh Padayachee as a member of the audit and risk committee."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

3. ORDINARY RESOLUTION NUMBER 3: RE-APPOINTMENT OF AUDITORS

"Resolved that Nolands Inc., together with Mr Craig Stansfield, being the designated audit partner, be appointed as the auditors of the company."

The audit and risk committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, No. 71 of 2008, Nolands Inc. In accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, the audit and risk committee further confirms that it has assessed and is satisfied with the suitability of Nolands Inc. and Mr Craig Stansfield for appointment.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

4. ORDINARY RESOLUTION NUMBER 4: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that the directors of the company be and are hereby authorised by way of a general authority to issue shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Companies Act, No. 71 of 2008, the Memorandum of Incorporation of the company, the JSE Listings Requirements, and the following limitations, namely that:

a. the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such options, securities or rights that are convertible into a class already in issue;

b. any such issue will be made to "public shareholders" and not "related parties", as defined in the JSE Listings Requirements;

c. the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 3 526 462 shares, being 10% (ten percent) of the company's issued shares as at the date of notice of this annual general meeting. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 3 526 462 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;

d. in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;

e. this authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;

NOTICE OF ANNUAL GENERAL MEETING (continued)

4. ORDINARY RESOLUTION NUMBER 4: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH (continued)

f. an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the issue is agreed in writing and an explanation, including supporting information (if any), of the intended use of the funds will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) of the number of shares in issue prior to the issue; and

g. in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the directors of the company."

For the avoidance of doubt, all issues of shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to aforegoing provisions, be in accordance with the JSE Listings Requirements.

In order for ordinary resolution number 6 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution in accordance with the JSE Listings Requirements.

5. ORDINARY RESOLUTION 5: SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A REINVESTMENT OPTION

"Resolved that, in addition to the authority set out in ordinary resolution number 5 (and irrespective of whether ordinary resolution number 5 is passed or not) and subject to the provisions of the Companies Act, No. 71 of 2008, the company's Memorandum of Incorporation and JSE Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to allot and issue shares, as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their distributions in new shares of the company pursuant to a reinvestment option."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

6. NON-BINDING ADVISORY RESOLUTION NUMBER 1: ENDORSEMENT OF REMUNERATION POLICY

"Resolved by way of a non-binding advisory vote, that the remuneration policy of the company as set out in the 2020 integrated report be approved."

In terms of King IV Report on Corporate Governance™ ("King IV™") and the JSE Listings Requirements, an advisory vote should be obtained from shareholders on the company's remuneration policy. The vote allows shareholders to express their views on the remuneration policy adopted, but will not be binding on the company. The remuneration policy is included in the Remuneration Report on page 13 to 14 of the 2020 integrated report of which this notice forms part.

7. NON-BINDING ADVISORY RESOLUTION NUMBER 2: ENDORSEMENT OF REMUNERATION IMPLEMENTATION REPORT

"Resolved by way of a non-binding advisory vote, that the remuneration implementation report in respect of the remuneration policy as set out in the 2020 integrated report be approved."

In terms of King IV™ and the JSE Listings Requirements, an advisory vote should be obtained from shareholders on the implementation of the company's remuneration implementation report. The vote allows shareholders to express their views on the extent of implementation of the company's remuneration policy, but will not be binding on the company. The implementation report is included in the Remuneration Report on pages 13 to 14 of the 2020 integrated report of which this notice forms part.

In the event of 25% or more of shareholders voting against non-binding resolutions number 1 and 2, the board of directors is committed to engaging actively with shareholders in this regard in order to ascertain the reasons therefore and to address all legitimate and reasonable objections or concerns.

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. SPECIAL RESOLUTION NUMBER 1: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES

"Resolved as a special resolution that, to the extent required by section 45 of the Companies Act, No. 71 of 2008 (the "Companies Act"), the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure until the next annual general meeting of the company."

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to grant the board of directors the authority to authorise the company to provide financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation.

The resolution is intended mainly to enable the company to provide inter-company loans and guarantees within the group but will also permit the board of directors to authorise financial assistance to related parties.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

9. SPECIAL RESOLUTION NUMBER 2: SHARE REPURCHASES

"Resolved as a special resolution that the company or any of its subsidiaries be and are hereby authorised by way of a general authority to acquire shares issued by the company, in terms of sections 46 and 48 of the Companies Act, No. 71 of 2008 (the "Companies Act") and in terms of the JSE Listings Requirements on the basis that:

a. any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the company and the counterparty;

b. this general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution;

c. the company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so;

d. acquisitions of shares in the aggregate in any one financial year may not exceed 10% of the company's issued ordinary share capital (or 10% where the repurchase is effected by a subsidiary) as at the date of passing this special resolution;

e. in determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares;

f. at any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;

g. repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted in writing to the JSE prior to the commencement of the prohibited period;

h. an announcement will be published as soon as the company or any of its subsidiaries have acquired shares constituting on a cumulative basis, 3% of the number of shares in issue prior to the acquisition pursuant to which the aforesaid threshold is reached and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions; and

i. the board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the group."

NOTICE OF ANNUAL GENERAL MEETING (continued)

9. SPECIAL RESOLUTION NUMBER 2: SHARE REPURCHASES (continued)

In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action. The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the share repurchase general authority, for a period of 12 months after the date of notice of this annual general meeting:

- the company and the group will, in the ordinary course of business, be able to pay its debts;
- the consolidated assets of the company and the group fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the group fairly valued in accordance with International Financial Reporting Standards; and
- the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the integrated annual report of which this notice forms part, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – page 30.
- Capital structure of the company – page 48 – 49 (note 9).

Directors' responsibility statement

The directors whose names appear on pages 3 and 4 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial period ended 29 February 2020 and up to the date of this notice.

Reason for and effect of special resolution 2

The reason for and effect of special resolution 2 is to afford the directors of the company (or a subsidiary of the company) general authority to effect a repurchase of the company's shares on the JSE.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

10. SPECIAL RESOLUTION NUMBER 3: APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

"Resolved, as a special resolution, that the fees payable by the company to non-executive directors for their services as directors (in terms of section 66 of the Companies Act, No. 71 of 2008) be and are hereby approved with effect from 1 March 2020 for a period of two years from the passing of this resolution or until its renewal, whichever is the earliest, as follows:

3.1	Chairman of the board	R151 800 per annum
3.2	Member of the board	R151 800 per annum

Above amounts exclude VAT payable where applicable.

Reason for and effect of special resolution 3

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

NOTICE OF ANNUAL GENERAL MEETING (continued)

11. ORDINARY RESOLUTION NUMBER 6: SIGNATURE OF DOCUMENTATION

"Resolved that any director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions number 1 to 6, non-binding resolutions number 1 and 2, and special resolutions number 1 to 3 which are passed by the shareholders."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

Voting and proxies

Any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder/as a proxy for a shareholder) has been reasonably verified.

A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his stead. The proxy need not be a shareholder of the company.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only.

On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share in the company held by such shareholder.

A form of proxy is enclosed for the convenience of certificated and own-name dematerialised shareholders holding shares in the company who cannot attend the annual general meeting but wish to be represented thereat.

Such shareholders are requested to complete and return the attached form of proxy and lodge it with the Transfer Secretaries of the company, Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) or by email to meetfax@linkmarketservices.co.za, at least 48 hours prior to the date of the annual general meeting in order to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the chairperson of the annual general meeting or the transfer secretaries present at the annual general meeting, prior to voting on any resolution proposed at the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

Dematerialised shareholders who have not elected own-name registration in the sub-register of the company through a Central Securities Depository Participant ("CSDP") and who wish to attend the annual general meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.

Dematerialised shareholders who have not elected "own-name" registration in the sub-register of the company through a CSDP and who are unable to attend, but wish to vote at the annual general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker. Such shareholders are advised that they must provide their CSDP or broker with separate voting instructions in respect of their shares.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Electronic participation

The company has made provision for shareholders or their proxies to participate electronically in the annual general meeting by way of telephone conferencing. Should you wish to participate in the annual general meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than Wednesday, 2 September 2020 by submitting via email to the Company Secretary at alun@statucor.co.za or faxed to +27 21 460 6336, for the attention of Alun Rich, with the relevant contact details, including:

- an email address;
- cellphone number and landline; and
- full details of the shareholder's title to securities issued by the company and proof of identity;
  - for certificated ordinary shares – copies of identity documents and share certificates; and
  - for dematerialised ordinary shares – written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised ordinary shares.

Upon receipt of the required information the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility. Shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the annual general meeting through this medium. Such shareholder, should they wish to have their vote count must, to the extent applicable, i) complete and submit the proxy; or ii) contact their CSDP or broker, as set out above.

Forms of proxy may also be obtained on request from the company's registered office.

By order of the board of directors

Company Secretary

Statucor Proprietary Limited, 8th Floor, 119 Hertzog Boulevard Foreshore, Cape Town, 8001, PO Box 3883, Cape Town, 8000

Registered office and business address

Suite 411, The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, 7925

Transfer Secretaries

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

FORM OF PROXY

Castleview Property Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2017/290413/06)
JSE share code: CVW ISIN: ZAE000251633
(Approved as a REIT by the JSE)
("**Castleview**" or "**the company**" or "**the group**")

Where appropriate and applicable the terms defined in the notice of annual general meeting to which this form of proxy is attached and forms part of, bear the same meanings in this form of proxy.

For use by shareholders of the company holding certificated shares and/or dematerialised shareholders who have elected "own name" registration, nominee companies of Central Securities Depository participant's (CSDP) and brokers' nominee companies, registered as such at the close of business on Friday, 28 August 2020 (the voting record date), at the annual general meeting which will take place at The I Group, 411 The Hills, Buchanan Square, Sir Lowry Road, Woodstock, Cape Town on Friday, 4 September 2020 at 13:00 (the annual general meeting) or any postponement or adjournment thereof.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We ______________________________ (full names in block letters please)

of ______________________________ (address)

being the holder/s of ______________________________ shares

hereby appoint: 1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the annual general meeting, as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the annual general meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner:

	Number of votes		
		Shares	
	*For	*Against	*Abstain
Ordinary resolution number 1: Re-election of Avesh Padayachee as director			
Ordinary resolution number 2: Appointment of the members of the audit and risk committee:			
2.1 Gregg Bayly			
2.2 David Green			
2.3 Avesh Padayachee			
Ordinary resolution number 3: Re-appointment of auditors			
Ordinary resolution number 4: General authority to issue shares for cash			
Ordinary resolution number 5: Specific authority to issue shares pursuant to a reinvestment option			
Non-binding advisory resolution number 1: Endorsement of remuneration policy			
Non-binding advisory resolution number 2: Endorsement of remuneration implementation report			
Special resolution number 1: Financial assistance to related or inter-related companies			
Special resolution number 2: Share repurchases			
Special resolution number 3: Approval of non-executive directors' fees			
3.1 Chairman of the board			
3.2 Member of the board			
Ordinary resolution number 6: Signature of documentation			

One vote per share held by shareholders recorded in the register on the voting record date. Mark "for", "against" or "abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit. Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this ______________________ day of ______________________ 2020

Signature ______________________________

Assisted by me (where applicable) ______________________________ (State capacity and full name)

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead.

A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Forms of proxy should be deposited at Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, or posted to P O box 4844, Johannesburg, 2000 or by email to meetfax@linkmarketservices.co.za. Shareholders are requested to furnish such forms to the transfer secretaries at least 48 hours prior to the meeting in order to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the transfer secretaries or the chairman of the annual general meeting at any time prior to voting on any resolution proposed at the annual general meeting.

NOTES TO THE FORM OF PROXY

Please read the notes below

1. This form of proxy is only to be completed by those ordinary shareholders who are:
   a. Holding ordinary shares in certificated form; or
   b. Recorded in the sub-register in electronic form in their "own name";

   on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Link Market Services South Africa Proprietary Limited, in order to vote at the annual general meeting being Friday, 4 September 2020, and who wish to appoint another person to represent them at the annual general meeting.
2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand, with the transfer secretaries of the company (being Link Market Services South Africa Proprietary Limited), that their shares are registered in their name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a form of proxy, unless a form of proxy is issued to them by a registered shareholder, and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak, and, on a poll, vote at the annual general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares in respect of which you desire to vote. If (i) a shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter; or any additional resolution(s) which are properly put before the meeting; or (iii) the resolution listed in the form of proxy is modified or amended, the shareholder will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the shareholders' votes exercisable thereat. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.
6. The forms of proxy should be lodged at Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, or posted to P O Box 4844, Johannesburg, 2000 or emailed to meetfax@linkmarketservices.co.za. Shareholders are requested to furnish such forms to the transfer secretaries at least 48 hours prior to the date of the annual general meeting in order to allow for processing of the forms of proxy. Alternatively, the form of proxy may be handed to the transfer secretaries or the chairman of the annual general meeting at any time prior to voting on any proposed resolution at the annual general meeting.
7. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.
9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
10. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Link Market Services South Africa Proprietary Limited or waived by the chairman of the annual general meeting.
12. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Link Market Services South Africa Proprietary Limited.
13. Where there are joint holders of shares:
    13.1 any one holder may sign the form of proxy; and
    13.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
14. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the annual general meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Link Market Services South Africa Proprietary Limited, at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, to reach the company by no later than 13:00 on Wednesday, 2 September 2020, or prior to the annual general meeting.
15. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
16. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, No. 71 of 2008 ("the Companies Act"), as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act, is set out below, or prior to the annual general meeting.

NOTES TO THE FORM OF PROXY (continued)

EXTRACT FROM THE COMPANIES ACT

"58. Shareholder right to be represented by proxy

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
  (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
  (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment –
  (a) must be in writing, dated and signed by the shareholder; and
  (b) remains valid for –
    (i) one year after the date on which it was signed; or
    (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –
  (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
    (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
  (a) the date stated in the revocation instrument, if any; or
  (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to –
  (a) the shareholder; or
  (b) the proxy or proxies, if the shareholder has –
    (i) directed the company to do so, in writing; and
    (ii) paid any reasonable fee charged by the company for doing so.

(7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

(8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy –
  (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must –
    (i) bear a reasonably prominent summary of the rights established by this section;
    (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
    (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  (c) the company must not require that the proxy appointment be made irrevocable; and
  (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

SHAREHOLDER INFORMATION

Shareholders' diary

Financial year-end	29 February 2020
Announcement of annual results	June 2020
Integrated report released	July 2020
Annual general meeting	September 2020
Announcement of interim results	October 2020

CORPORATE INFORMATION

Registered office
Castleview Property Fund Limited
(Registration number 2017/290413/06)
411 The Hills, Buchanan Square
160 Sir Lowry Road Woodstock
Cape Town, 7925
(PO Box 1745, Milnerton, Cape Town, 7435)

Company secretary
Statucor Proprietary Limited
(Registration number 1989/005394/07)
6th Floor, 129 Hertzog Boulevard Foreshore
Cape Town, 8001
(PO Box 3883, Cape Town, 8000)

Corporate advisor
Java Capital Proprietary Limited
(Registration number 2002/031862/07)
6A Sandown Valley Crescent
Sandown Sandton, 2196
(PO Box 2087, Parklands, 2121)

Designated advisor
Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent Sandown
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Legal advisor
Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Independent Reporting Accountants
Nolands Jhb Inc.
(Registration number 2006/008947/21)
William Nicol, Bryanston Drive, Bryanston, Sandton, 2191
(PO Box 2971, Pinegowrie, 2123)

Independent property valuer
Mills Fitchet Magnus Penny Proprietary Limited
(Registration number 1996/004736/07)
240 Main Road, Rondebosch,
Cape Town, 7725
(PO Box 4442, Cape Town, 8000)

Transfer secretaries
Link Market Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
13th Floor
19 Ameshoff Street
Braamfontein, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Bankers
Absa Bank Limited
(Registration number 1986/004794/06)
7th Floor, Absa Towers West, 15 Troye Street,
Johannesburg, 2001
(PO Box 7335, Johannesburg, 2000)

Place and date of Incorporation
Incorporated in South Africa on 6 July 2017

Independent Auditors
Nolands Inc.
(Registration number 2000/004145/21)
Noland House
River Park, River Lane Mowbray,
Cape Town, 7700
PO Box 2881 Cape Town 8001

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property investment
Directors	J W A Templeton R G Volks (Resigned, Monday 04 May 2020) A Padayachee D J Green G C Bayly C P Dockrall
Registered office	411 The Hills Buchanan Square 160 Sir Lowry Road Woodstock 7925
Business address	411 The Hills Buchanan Square 160 Sir Lowry Road Woodstock 7925
Parent company	Urban Retail Property Investments 1 (Pty) Ltd incorporated in South Africa
Auditors	Nolands Incorporated
Company secretary	Statucor (Pty) Ltd
Level of assurance	These consolidated and separate financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008
Preparer	The consolidated and separate financial statements were internally compiled by: Colin Dockrall CA (SA)

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