CASTLEVIEW PROPERTY FUND

Unaudited condensed consolidated interim financial statements for the six months ended 31 August 2018 and change to the board of directors

DIRECTORS' COMMENTARY

NATURE OF BUSINESS

Castleview is a property holding and investment company that is invested in a well-located small regional shopping centre in the Eastern Cape.

PROPERTY PORTFOLIO

Castleview's property portfolio consists of one property, namely Pier 14 Shopping Centre in Govan Mbeki Road, Port Elizabeth, which is defined as a small regional shopping centre with 30 345m^2 of rentable space and is anchored by large national tenants such as Shoprite, Jet, Pep, Ackermans and Mr Price.

STRATEGY

Castleview intends to invest further 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 and providing investors with exposure to consumers from a cross section of income categories.

Castleview may also invest in listed property shares in the future.

COMMENTARY ON RESULTS, DISTRIBUTABLE EARNINGS AND NET ASSET VALUE

The portfolio remains in a healthy state with vacancies of 6.6% by gross rental and 5.4% (Feb 2018: 4.9%) by gross lettable area ("GLA") at period end.

Pier 14 continues to attract and retain high-quality tenants which are prepared to sign long-term leases, with close to 90% of tenants by GLA comprising high-quality tenants including large international and national tenants, JSE-listed companies, as well as major franchisees and medium to large professional firms.

The positive economic sentiment at the beginning of 2018 that was reflected in a pleasing improvement in turnover at Pier 14 did not persist for the full reporting period. Rising fuel prices, an increase in VAT on 1 April 2018, uncertainty regarding the government's policy towards the expropriation of land without compensation, as well as a weaker rand exchange rate have resulted in sentiment becoming more cautious, which negatively impacted household and business expenditure. Retailers' turnover growth has slowed, placing their margins under pressure, which has reduced their willingness to pay escalating rentals and has also resulted in certain tenants downsizing their stores. With this is mind, landlords are having to become more accommodating in their negotiations with their tenants. Notwithstanding the tough environment, Pier 14 continues to attract shoppers, with turnover and footfall at the centre increasing on a year-on-year basis.

Distributable earnings for the period equated to 17.8 cents (Feb 2018: 11.60 cents) per share.

A dividend of 17.80 (Feb 2018: 16.72) cents per share has been declared.

Castleview has increased its net asset value per share from R5.12 at 28 February 2018 to R5.25 at period-end, an increase of 2.6% during the six month period.

The board has reviewed the latest projections for the company and believes that the distribution per share for the 12 months ending 28 February 2019 will be below the 42.0 cents projected in the pre-listing statement ("PLS") dated 13 December 2017. The board now anticipates that the distribution per share for the period will be between 37.0 cents and 37.5 cents per share. This guidance is based on the assumptions that a stable macroeconomic environment will prevail, no major corporate failures will occur and tenants will be able to absorb the recovery of rising utility costs and municipal rates. This forecast has not been audited or reviewed by Castleview's auditors.

When the higher-than-anticipated actual distribution per share for February 2018 of 16.72 cents and projected distribution per share for February 2019 are taken into consideration, Castleview shareholders are expected to receive a total distribution per share for the period from listing to February 2019 of approximately 54.0 cents, which is in line with expectations at the time of listing.

SUMMARY OF FINANCIAL INDICATORS

	31 August 2018	28 February 2018
Shares in issue	**33 000 000**	33 000 000
Distributable earnings per share (cents)	**17.80**	11.60
Dividend per share (cents)	**17.80**	16.72
Net asset value per share* (R)	**5.25**	5.12
Loan-to-value ratio**	**44.3%**	43.8%
Net property cost-to-income ratio	**24.2%**	26.2%

* *Net asset value per share is calculated by dividing the net assets by the total number of shares in issue at period end. Net assets comprise total assets less total liabilities, less equity attributable to non-controlling interests.*

** *The loan-to-value ratio is calculated by dividing interest-bearing borrowing net of cash on hand by the total of investment property.*

SECTORAL SPLIT, LEASE EXPIRY PROFILE AND VACANCIES

	31 August 2018		28 February 2018	
	GLA	Gross rentals	GLA	Gross rentals
Sectoral split				
Based on:				
Retail	**75.3%**	**81.0%**	74.7%	81.0%
Office	**24.7%**	**19.0%**	25.3%	19.0%
Total	**100.0%**	**100.0%**	100.0%	100.0%
Lease expiry profile				
Based on:				
Vacant	**5.4%**	**6.5%**	4.9%	4.1%
Feb 2019	**25.7%**	**30.0%**	23.8%	28.3%
Feb 2020	**11.3%**	**13.7%**	12.1%	15.7%
Feb 2021	**28.3%**	**24.7%**	29.8%	25.8%
Feb 2022	**9.1%**	**6.2%**	9.2%	6.0%
> Feb 2022	**20.2%**	**18.9%**	20.2%	20.1%
Total	**100.0%**	**100.0%**	100.0%	100.0%

LOAN FUNDING

	Approved loan R'm	Amount outstanding at 31 August 2018 R'm	Interest rate
Facility			
ABSA Bank	**165.0 (Feb 2018: 165.0)**	**114.7 (Feb 2018: 164.1)**	**Prime less 1% (9%) (Feb 2018: 9%)**
Urban Retail Property Investments 1 (URP1)	**28.4 (Feb 2018: 28.4)**	**31.6* (Feb 2018:30.1)**	**Prime less 0.25% (9.75%) (Feb 2018: 9.75%)**

* *Interest on the URP1 loan is capitalised monthly and payable annually in arrears, with the first payment being due on 31 December 2018.*

The ABSA facility is secured by a first mortgage bond and security cessions over the fixed property comprising Pier 14 Shopping Centre.

OUTLOOK

Castleview will continue to focus on a disciplined approach to the management of its existing asset and the growth of the portfolio in order to return growth in capital and income to shareholders.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2018

	Notes	Unaudited 31 August 2018 R	Audited 28 February 2018 R
ASSETS			
Non-current assets			
Property, plant and equipment		**698 661**	784 573
Investment property	3	**312 838 309**	308 690 842
Operating lease asset		**6 480 635**	6 152 965
Deferred tax		**429 433**	429 433
Total non-current assets		**320 447 038**	316 057 813
Current assets			
Trade and other receivables		**1 332 086**	1 320 458
Cash and cash equivalents	4	**5 508 239**	56 281 732
Total current assets		**6 840 325**	57 602 190
Total assets		**327 287 363**	373 660 003
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of parent			
Share capital		**165 000 000**	165 000 000
Accumulated profit		**8 376 056**	3 845 546
		173 376 056	168 845 546
Non-controlling interest		**198 100**	186 660
Total equity		**173 574 156**	169 032 206
Liabilities			
Non-current liabilities			
Other financial liabilities	5	**113 419 107**	164 055 652
Loan from parent company		**28 419 384**	28 419 384
Total non-current liabilities		**141 838 491**	192 475 036
Current liabilities			
Trade and other payables		**6 334 426**	8 129 782
Loan from parent company		**3 209 625**	1 692 314
Current tax payable		**2 330 665**	2 330 665
Total current liabilities		**11 874 716**	12 152 761
Total liabilities		**153 713 207**	204 627 797
Total equity and liabilities		**327 287 363**	373 660 003

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	Notes	Unaudited six months ended 31 August 2018 R	Audited eight months ended 28 February 2018 R
Revenue		**21 386 780**	17 802 346
Operating expenses		**(8 409 282)**	(10 089 950)
Operating profit		**12 977 498**	7 712 396
Bargain purchase on acquisition of subsidiary		**–**	2 511 373
Fair value gains	3	**4 147 467**	
Investment income		**527 553**	1 808 880
Finance costs		**(7 592 981)**	(7 925 635)
Profit before taxation		**10 059 537**	4 107 014
Taxation		**–**	(258 203)
Profit for the period		**10 059 537**	3 848 811
Total comprehensive income		**10 059 537**	3 848 811
Total profit and comprehensive income attributable to:			
Owners of the parent		**10 048 097**	3 845 546
Non-controlling interest		**11 440**	3 265
		10 059 537	3 848 811
Earnings per share information (cents per share)			
Basic and diluted earnings per share	6	**30.45**	12.97

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	Share capital R	Accumulated profit R	Total attributable to equity holders of the group R	Non-controlling interest R	Total equity R
Balance at 1 July 2017	–	–	–	–	–
Issue of shares	165 000 000	–	165 000 000	–	165 000 000
Business combinations	–	–	–	183 395	183 395
Total contributions by and distributions to owners of company recognised directly in equity	165 000 000	–	165 000 000	183 395	165 183 395
Profit for the period	–	3 845 546	3 845 546	3 265	3 848 811
Total comprehensive income for the period	–	3 845 546	3 845 546	3 265	3 848 811
Balance at 28 February 2018	**165 000 000**	**3 845 546**	**168 845 546**	**186 660**	**169 032 206**
Dividends paid	**–**	**(5 517 587)**	**(5 517 587)**	**–**	**(5 517 587)**
Profit for the period	**–**	**10 048 097**	**10 048 097**	**11 440**	**10 059 537**
Total comprehensive income for the period	**–**	**10 048 097**	**10 048 097**	**11 440**	**10 059 537**
Balance at 31 August 2018	**165 000 000**	**8 376 056**	**173 376 056**	**198 100**	**173 574 156**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	Unaudited six months ended 31 August 2018 R	Audited eight months ended 28 February 2018 R
Cash flows from operating activities		
Cash generated from operations	11 139 998	8 230 661
Interest received	527 553	1 808 880
Interest paid	(5 938 268)	(5 479 615)
Net cash from operating activities	5 729 283	4 559 926
Cash flows from investing activities		
Business combinations	–	(23 623 773)
Net cash from investing activities	–	(23 623 773)
Cash flows from financing activities		
Proceeds on share issue	–	40 000 000
Dividends paid	(5 517 587)	–
Other financial liabilities advanced	–	35 345 579
Other financial liabilities repaid	(50 985 189)	–
Net cash from financing activities	(56 502 776)	75 345 579
Total cash movement for the period	(50 773 493)	56 281 732
Total cash and cash equivalents at the beginning of the period	56 281 732	–
Total cash and cash equivalents at the end of the period	5 508 239	56 281 732

SIGNIFICANT FINANCIAL STATEMENT NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2018 ("interim report") are prepared in accordance with the requirements of the JSE Listings Requirements for provisional reports and the requirements of the Companies Act, No. 71 of 2008, as amended ("Companies Act"). The interim report has been prepared in accordance with IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the unaudited condensed consolidated interim financial statements are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the preparation of the previous year's consolidated annual financial statements, except as described in note 1.2.

These results have been prepared under the historical cost convention, except for investment properties, which are measured at fair value. These condensed consolidated interim financial statements for the six months ended 31 August 2018 have not been reviewed or audited by the company's independent external auditors.

1.1 Measurement of fair value – Investment property

On an annual basis, the investment property is valued by an external independent registered valuer.

At the interim reporting stage, the property was valued internally by directors.

The property is valued using the discounted cash flow method by the directors and external valuers.

1.2 Changes in significant accounting policies

The changes in accounting policies reflected below are also expected to be reflected in the group's consolidated financial statements as at and for the year ending 28 February 2019.

The group adopted IFRS 15 Revenue from Contracts with Customers (see note 1.2.1) and IFRS 9 Financial Instruments (see note 1.2.2) from 1 March 2018.

1.2.1 Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for the reporting of useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of the good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces IAS 18: *Revenue* and IAS 11: *Construction Contracts and Related interpretations*.

The group has implemented IFRS 15 and it did not have a material impact on the provision of services that fall under the scope of IFRS 15. Rental revenue from investment property will continue to be recognised in profit or loss on a straight-line basis over the term of the lease in accordance with IAS 17.

Disaggregation of revenue

Revenue is derived from one income stream in one geographical location and therefore no disaggregation is disclosed.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

1.2 Changes in significant accounting policies (continued)

1.2.2 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 had no impact on the opening balance of reserves and retained earnings at 1 March 2018.

The table and the accompanying notes that follow explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets, as at 1 March 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade and other receivables	Loans and receivables at amortised cost	Other financial assets at amortised cost	**1 320 458**	**1 320 458**
Cash and cash equivalents	Loans and receivables at amortised cost	Other financial assets at amortised cost	**56 281 732**	**56 281 732**

New significant accounting policies and changes in significant accounting policies

Financial instruments

The adoption of IFRS 9 resulted in the change of classification of certain financial assets. The only significant change to the group's policies is the measurement of impairment of financial assets, specifically trade receivables, which is now measured using an expected credit loss model instead of an incurred loss model.

The group uses a provision matrix to calculate expected credit losses, with amounts more than 90 days past due viewed as default events. This change did not result in an increase in the loss allowance compared to the previous impairment model.

New accounting policy

Financial assets

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The group recognises lifetime expected credit losses for accounts receivable and these are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions, including the time value of money where appropriate.

For all other financial assets, the group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If there has been no significant increase in credit risk, the loss allowance is measured at an amount equal to the 12-month expected credit losses.

The group determines increases in credit risk by considering any change in the risk of default occurring since the date of initial recognition. The group considers that default has occurred when a financial asset is more than 90 days past due.

SIGNIFICANT FINANCIAL STATEMENT NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

1.2 Changes in significant accounting policies (continued)

1.2.2 Financial instruments (continued)

Critical accounting judgements and key sources of estimation uncertainty

Financial instruments

Determining expected credit losses requires assessments of general economic conditions, both current and future, and their impacts on the credit risk of financial assets, as well as using periods that amounts are past due, to indicate levels of credit loss expected.

Credit losses may occur differently to these expectations, both in terms of timing and amount.

1.3 Comparative figures

As the company was incorporated on 6 July 2017, there was no interim period ending 31 August 2017. The figures for the eight months ended 28 February 2018 were therefore used as comparative figures.

1.4 General

The unaudited condensed consolidated interim financial statements were compiled by Elana Kruger CA(SA), the financial director.

A dividend of 16.72 cents was declared on 16 May 2018 and paid on 11 June 2018. The board has approved a dividend of 17.80 cents per share for the six months ended 31 August 2018. Please see note 8 for further details.

The directors are not aware of any other matters or circumstances arising subsequent to the period-end that require any additional disclosure or adjustment to the unaudited condensed consolidated interim financial statements.

2. SEGMENT ANALYSIS

Segment information

At 31 August 2018, the group is organised into one main operating segment:

- Mixed use

31 August 2018	Mixed use R	Admin and corporate costs R	Total R
Revenue	21 386 780	–	21 386 780
Operating profit/(loss)	14 416 280	(1 438 782)	12 977 498
Fair value gains	4 147 467	–	4 147 467
Investment income	259 029	268 514	527 553
Finance costs	(6 065 142)	(1 527 839)	(7 592 981)
Profit/(loss) for the period	12 757 634	(2 698 097)	10 059 537
Non-controlling interest	(11 440)	–	(11 440)
Profit/(loss) attributable to owners of the parent	12 746 194	(2 698 097)	10 048 097
Reconciliation of profit for the period to distributable income:			
Fair value gains			(4 147 467)
Headline earnings			5 900 630
Lease straight-lining adjustment			(327 671)
Listing expenses			27 075
Depreciation and amortisation			273 723
Distributable income			5 873 757

The amounts provided to management with respect to total assets are measured in a manner consistent with that in the statement of financial position. These assets are allocated based on the operations of the segment.

31 August 2018	Mixed use R	Admin and corporate costs R	Total R
Property, plant and equipment	698 661	–	698 661
Investment property	312 838 309	–	312 838 309
Operating lease asset	6 480 635	–	6 480 635
Deferred tax	429 433	–	429 433
Trade and other receivables	1 047 086	285 000	1 332 086
Cash and cash equivalents	2 781 998	2 726 241	5 508 239
Total assets	324 276 122	3 011 241	327 287 363

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that in the statement of financial position. These liabilities are allocated based on the operations of the segment.

31 August 2018	Mixed use R	Admin and corporate costs R	Total R
Other financial liabilities	113 419 107	–	113 419 107
Loan from parent company	–	31 629 009	31 629 009
Trade and other payables	6 319 760	14 666	6 334 426
Current tax payable	2 330 665	–	2 330 665
Total liabilities	122 069 532	31 643 675	153 713 207

SIGNIFICANT FINANCIAL STATEMENT NOTES

2. SEGMENT ANALYSIS (continued)

Segment information (continued)

At 28 February 2018, the group was organised into one main operating segment:

- Mixed use

28 February 2018	Mixed use R	Admin and corporate costs R	Total R
Revenue	17 802 346	–	17 802 346
Operating profit/(loss)	11 470 211	(3 757 815)	7 712 396
Bargain purchase on acquisition of subsidiary	–	2 511 373	2 511 373
Investment income	857 562	951 318	1 808 880
Finance costs	(6 231 893)	(1 693 742)	(7 925 635)
Profit/(loss) before taxation	6 095 880	(1 988 866)	4 107 014
Taxation	(258 203)	–	(258 203)
Profit/(loss) for the period	5 837 677	(1 988 866)	3 848 811
Non-controlling interest	(3 265)	–	(3 265)
Profit/(loss) attributable to owners of the parent	5 834 412	(1 988 866)	3 845 546
Reconciliation of profit for the period to distributable income:			
Gain on bargain purchase in a business combination			(2 511 373)
Headline earnings			1 334 173
Lease straight-lining adjustment			(717 425)
Listing expenses			3 354 726
Depreciation			63 765
Deferred tax movement			(207 915)
Distributable income			3 827 324

The amounts provided to management with respect to total assets are measured in a manner consistent with that in the statement of financial position. These assets are allocated based on the operations of the segment.

28 February 2018	Mixed use R	Admin and corporate costs R	Total R
Property, plant and equipment	784 573	–	784 573
Investment property	308 690 842	–	308 690 842
Operating lease asset	6 152 965	–	6 152 965
Deferred tax	429 433	–	429 433
Trade and other receivables	1 035 458	285 000	1 320 458
Cash and cash equivalents	45 689 379	10 592 353	56 281 732
	362 782 650	10 877 353	373 660 003

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that in the statement of financial position. These liabilities are allocated based on the operations of the segment.

28 February 2018	Mixed use R	Admin and corporate costs R	Total R
Other financial liabilities	164 055 652	–	164 055 652
Loan from parent company	–	30 111 698	30 111 698
Trade and other payables	8 012 782	117 000	8 129 782
Current tax payable	2 330 665	–	2 330 665
	174 399 099	30 228 698	204 627 797

3. INVESTMENT PROPERTY

	Unaudited 31 August 2018 Carrying value R	Audited 28 February 2018 Carrying value R
Group		
Investment property at fair value	**312 838 309**	308 690 842

	Unaudited 31 August 2018 R	Audited 28 February 2018 R
Group		
Reconciliation of investment property		
Opening balance	**315 000 000**	–
Additions through business combination	**–**	308 690 842
Recognised lease obligations arising from business combination	**–**	5 435 540
Fair value gains	**4 147 467**	–
Recognised lease obligations during the current period	**327 671**	717 425
Recognised in property, plant and equipment	**524 812**	156 193
Valuation obtained	**320 000 000**	315 000 000

Pledged as security

Mortgage bonds have been registered over the entire investment property as security for the ABSA bond (see note 5).

Details of property

Pier 14 shopping centre

A retail shopping centre located in Port Elizabeth

SIGNIFICANT FINANCIAL STATEMENT NOTES

3. INVESTMENT PROPERTY (continued)

Details of valuation

On an annual basis, the investment property is valued by an external independent registered property valuer.

At the interim reporting stage, the property was valued internally by directors.

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

- Discount rate 15.00%
- Market cap rate 9.30%
- Expense growth rate 7.00%
- Income growth rate 6.00%
- 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; and
- Exit capitalisation rate was lower/(higher).

	Unaudited 31 August 2018 R	Audited 28 February 2018 R
Amounts recognised in profit and loss for the period		
Rental income from investment property	21 386 780	17 802 346
Direct operating expenses from rental-generating property	(5 983 491)	(6 332 135)
	15 403 289	11 470 211

4. CASH AND CASH EQUIVALENTS

Material movements in cash and cash equivalents include repayment of the ABSA mortgage bond of R51 million and a dividend payment of R5.5 million.

5. OTHER FINANCIAL LIABILITIES

	Unaudited 31 August 2018 R	Audited 28 February 2018 R
Held at amortised cost		
Mortgage bond, ABSA Bank	113 419 107	164 055 652

In October 2017, the group entered into a loan agreement with ABSA Bank. This loan is on an interest only repayment profile for 36 months, following which the loan will be repayable in full. The loan bears interest at the South African Prime lending rate less 1%.

During the period under review, excess cash was utilised to repay a portion of the loan in order to save on interest expense (see note 4).

6. PER SHARE INFORMATION

	Unaudited 31 August 2018 R	Audited 28 February 2018 R
Profit attributable to shareholders	10 048 097	3 845 546
Fair value gains	(4 147 467)	–
Gain on bargain purchase in a business combination	–	(2 511 373)
Headline earnings	5 900 630	1 334 173
Lease straight-lining adjustment	(327 671)	(717 425)
Listing expenses	27 075	3 354 726
Depreciation and amortisation	273 723	63 765
Deferred tax movement	–	(207 915)
Distributable income	5 873 757	3 827 324
Number of shares in issue	33 000 000	33 000 000
Weighted average number of ordinary shares in issue	33 000 000	29 658 228
Earnings per share (c)	30.45	12.97
Headline earnings per share (c)	17.88	4.50
Distributable earnings per share (c)*	17.80	11.60
Net asset value per share (c)**	525.38	511.65
Distribution per share (c)	17.80	16.72

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

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

** *Net asset value per share is calculated by dividing the net assets by the total number of shares in issue at period end. Net assets comprise total assets less total liabilities, less equity attributable to non-controlling interests.*

SIGNIFICANT FINANCIAL STATEMENT NOTES

7. RELATED PARTIES

	Unaudited 31 August 2018 R	Audited 28 February 2018 R
Relationship		
Parent company: Urban Retail Property Investments 1 Proprietary Limited		
Companies under common directorships: Castleview Asset Managers Proprietary Limited		
Loan account owing to parent company		
Urban Retail Property Investments 1 Proprietary Limited	**(31 629 009)**	(30 111 698)
Other receivables owing by companies under common directorships		
Castleview Asset Managers Proprietary Limited	**285 000**	285 000
Interest capitalised on loan owing to parent company		
Urban Retail Property Investments 1 Proprietary Limited	**1 527 834**	1 692 314
Asset management fees paid to companies under common directorships		
Castleview Asset Managers Proprietary Limited	**901 096**	449 131
Compensation to directors and other key management		
Short-term employee benefits	**240 000**	215 000

8. PAYMENT OF DIVIDEND

The board has approved and notice is hereby given of the final gross dividend of 17.79926 cents per share for the six months ended 31 August 2018.

The dividend is payable to Castleview's shareholders in accordance with the timetable set out below:

Last date to trade *cum* dividend:	Tuesday, 20 November 2018
Shares trade *ex* dividend:	Wednesday, 21 November 2018
Record date:	Friday, 23 November 2018
Payment date:	Monday, 26 November 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 November 2018 and Friday, 23 November 2018, both days inclusive.

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

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

a) a declaration that the dividend is exempt from dividends tax; and
b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service ("SARS"). Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend, which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Dividends received by non-residents from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 14.23941 cents per share. A reduced dividend withholding rate, in terms of the applicable DTA, may only be relied upon if the non-resident shareholder has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
b) a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the SARS. Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted, if applicable.

The dividend will be transferred to dematerialised shareholders' CSDP/broker accounts on Monday, 26 November 2018. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on, or about, Monday, 26 November 2018.

Shares in issue at the date of declaration of dividend: 33 000 000.

Castleview's income tax reference number: 9366916188.

9. CHANGE TO THE BOARD OF DIRECTORS

Shareholders are advised that Elana Kruger has tendered her resignation as financial director of Castleview. The board of directors has commenced the process of identifying a suitable candidate to take up the position of financial director. Elana will remain on as financial director until a new appointment is made and will assist in ensuring a smooth transition to her successor. An announcement will be made in due course once the appointment of a new financial director has been confirmed by the board of directors.

By order of the board

James Templeton
Chief executive officer

Elana Kruger
Financial director

Cape Town
29 October 2018

CORPORATE INFORMATION

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 JSE)
("Castleview" or "the company" or "the group")

Directors
JWA Templeton, E Kruger, RG Volks, GC Bayly,
DJ Green, A Padayachee

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Company secretary
Statucor

Transfer secretary
Link Market Services

Designated advisor
Java Capital

GREYMATTER & FINCH # 12142

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