CASTLEVIEW
PROPERTY FUND

INTEGRATED REPORT
2019

AT A GLANCE

PORTFOLIO

Regional shopping centre

30 381 m² GLA

Total assets
R322 million

FINANCIAL HIGHLIGHTS

Shares in issue
33 000 000

Net asset value per share
R5.08

Loan-to-value ratio
44.4%

Dividend per share
37.23 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 second integrated report to shareholders and stakeholders for the year ended 28 February 2019.

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")
- SAICA financial reporting guides as issued by the Accountancy Practices Committee
- 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 Suite 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.

Richard Volks Chairman	**James Templeton** CEO	**Gregg Bayly** Chairman Audit and Risk Committee

GROUP OVERVIEW

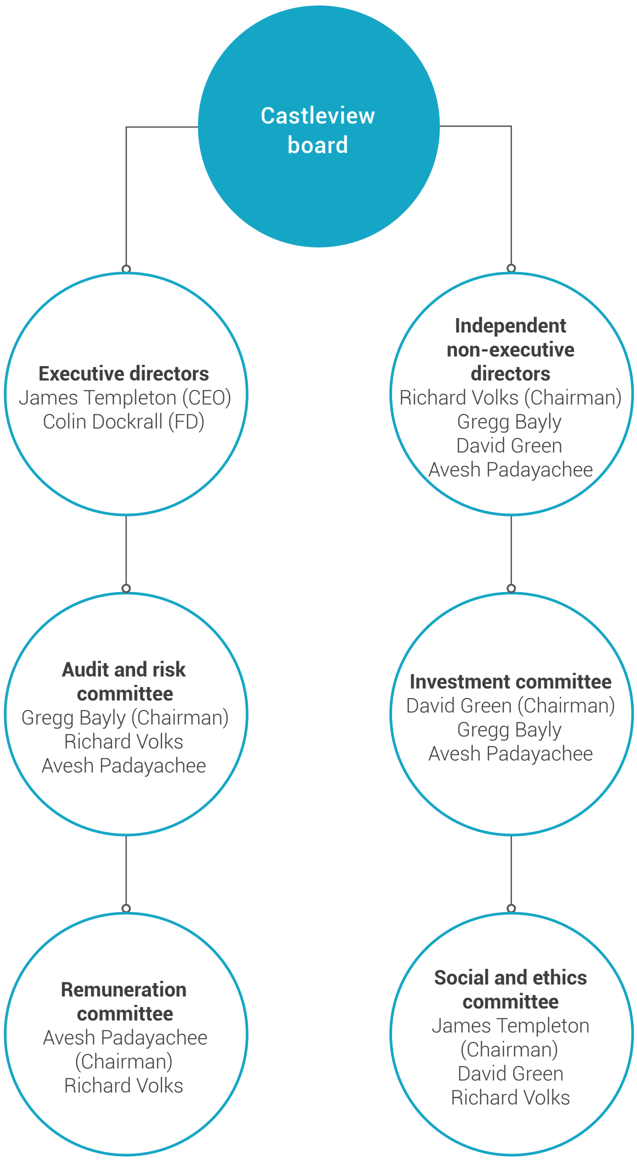
Castleview intends to invest in retail properties which are anchored by high-quality national tenants on long term, escalating leases, where opportunities to increase value to shareholders through sound asset management strategies are available. Castleview may also invest in listed property shares in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

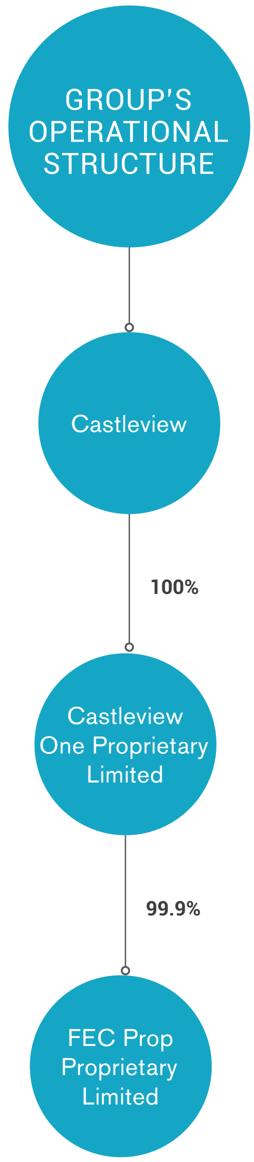
The company's independent property valuer is Mike Gibbons of Mills Fitchet Magnus Penny.

GOVERNANCE STRUCTURE

The governance structures are set out below.

Castleview currently holds total assets of R322 million and is looking to acquire more assets.





DIRECTORATE EXECUTIVE AND NON-EXECUTIVE

EXECUTIVE DIRECTORS

James William Andrew Templeton (46)

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 (33)

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, including: the retail industry, real estate, construction, manufacturing and law.

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 (78)

BA LLB

Chairman, independent non-executive director

Appointed: 25 October 2017

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 partner at Smith Tabata Buchanan Boyes specialising in a variety of matters including: Estate planning and Trusts, Conveyancing, commercial, corporate and property law.

Avesh Padayachee (37)

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 (57)

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.

Gregory Clifford Bayly (49)

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")

RETAIL: 77.1%

OFFICE: 22.9%

Based on gross rental

RETAIL: 81.0%

OFFICE: 19.0%

Tenant profile based on GLA

A: 67.0%

B: 22.4%

C: 10.6%

Vacancy profile based on

GLA: 8.7%

GROSS RENTAL: 9.1%

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 39 tenants.*

LEASE EXPIRY PROFILE

	Based on GLA %	Based on gross rentals %
Vacant	**8.7**	9.1
Monthly	**8.8**	9.2
Feb 2020	**12.7**	15.1
Feb 2021	**29.4**	24.8
Feb 2022	**15.8**	15.0
> Feb 2022	**24.6**	26.8
	100.0	100.0

SEGMENTAL ANALYSIS

Property name	Physical address	Sector	Weighted average rental per m² (R/m²)	Lettable area (GLA m²)	Vacancy (% of lettable area)	Valuation as at 28 Feb 2019 (R'000)
Pier 14	444 Govan Mbeki Avenue, North End, Port Elizabeth	Retail	114.16	24 609	8.7	**255 150**
Pier 14	444 Govan Mbeki Avenue, North End, Port Elizabeth	Office	86.20	5 772	0	**59 850**
Total				30 381	8.7	**315 000**

The weighted average rental escalation, based on existing leases by GLA, is 7.1% for retail and 6.8% for offices.

The property valuation as at 28 February 2019 was performed by the directors.

OTHER INFORMATION

The forward average annualised property yield was 9.7% at 28 February 2019.

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 at R168 million • Long- and short-term borrowings at R144 million • Cash generated from operations for year ended 28 February 2019 of R24.3 million • 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 subcommittees 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 major 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 the 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 maximise 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

Key stakeholders	Key issues	How Castleview engages	Responsibility
Independent valuers	• Reliable and timeous • information	• Regular information flow • Formal and ad hoc meetings	• CEO • FD • Investment committee
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 • Outsourced property administrators • Designated advisers and external consultants • Executives
Industry associations	• Introduction of new legislation • Global and local trends	• Membership of professional bodies	• Executives • Property managers
Communities	• Socio-economic development • Environmental impact • Responsible corporate citizenship	• Regular evaluation of the group's impact on society and the environment	• Executives • Property managers

LEADERSHIP AND GOVERNANCE

CHAIRMAN AND CEO'S REPORT

The past financial year has seen the portfolio perform in line with expectations, although the general South African environment has proven challenging for various reasons. As a result, the focus has been on retaining existing tenants at Pier 14 Shopping Centre, bringing in new tenants, as well as strategic changes to the mall that will bring long-term benefits to all stakeholders, which we have detailed elsewhere in this report.

Numerous opportunities to grow the portfolio have been considered, although none have been executed on. We are nonetheless confident that the portfolio will grow in the appropriate manner in the medium term in a market that is proving challenging, which will provide opportunities for patient investors.

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 R322.2 million at period end, with one property valued at R315.0 million. The property was funded with senior bank debt of R110.3 million and a shareholder's loan of R33.2 million, resulting in a loan to value of 44.4% at 28 February 2019.

Revenue for the financial period was R40.0 million, which realised an operating profit before fair value adjustments of R24.2 million and, after allowing for fair value adjustments, the net cost of finance and tax resulted in total comprehensive income of R10.2 million. Headline earnings were 28.63 cents per share and distributable earnings 35.92 cents per share.

A dividend of 19.43 cents per share was declared for the six months ended 28 February 2019, bringing the total dividend for the twelve months to 37.23 (2018: 16.72) cents per share. This is in line with expectations announced at the publication of the interim results ended 31 August 2018 of between 37.0 cents and 37.5 cents per share.

Castleview shareholders will therefore have received a total distribution per share for the period from listing to 28 February 2019 of 53.95 cents, which is in line with expectations at the time of listing of 54.0 cents. Castleview's net asset value per share equated to R5.08 at financial year-end (2018: R5.12).

MARKET CONDITIONS

The performance of the listed property sector in 2018 calendar year was one of the worst in recent years, showing a total return of -25.3%. The sector was severely impacted by global conditions and the turmoil within certain South African REITs for company-specific reasons.

With the largest part of the 2018 calendar year decline being seen in January 2018, the twelve month figures to end February 2019 appear somewhat more respectable, albeit still a decline. According to Catalyst Fund Managers' February 2019 report, the SA Listed Property sector declined by 5.2% in the twelve month period.

Trading conditions in the portfolio continue to reflect the muted economic outlook, with macro economic indicators showing how the South African economy is struggling as a result of the rise in VAT in April 2018, the higher fuel price and political uncertainty. Further petrol price hikes in 2019 to-date and the uncertainty surrounding the elections in May meant that the economy has continued to drift this calendar year.

The local economy grew by 0.8% in 2018, while the International Monetary Fund is expecting GDP growth for 2019 of 1.3%, a reduction from its previous forecast of 1.5%.

FUNDING

During the year under review, Castleview's facilities have remained stable, with total drawn down facilities of R143.5 million, representing a loan to value of 44.4%.

Since February 2018 the only major change has been the placement of surplus cash into the ABSA facility, thereby saving interest costs on this loan rather than earning interest at a lower rate on the positive cash balance.

PORTFOLIO PERFORMANCE

The portfolio vacancies rose from 4.9% of GLA at 28 February 2018 to 8.7% of GLA at 28 February 2019. This was as a result of the closure and consolidation of certain retail stores in Pier 14, primarily the reduction in the premises occupied by Jet, which decreased from 1,876m^2 to 1,118m^2 following Edcon's decision to reduce the rentable area at certain stores.

Notwithstanding this, total tenant turnover at Pier 14 rose by 1.6% in the financial year as a result of new leases concluded during the period, as well as growth in turnover from the centre's diversified tenant base. Adjusting for the pro-rata drop in turnover from Jet as result of their downsizing, tenant turnover at the centre increased by a healthy 4.0%.

Subsequent to year-end, in April 2019 the Castleview board of directors approved the cancellation of the head lease over the office tower at Pier 14 with Gritprop Investment Holdings (Pty) Ltd with effect from 30 April 2019. In return for the cancellation of the head lease, the company has negotiated the extension of the duration and extent of the lease with the same tenant over storage premises in the retail component of the property, which included a take up of the premises vacated by Jet.

The vacancy created in the office tower will enable Castleview to convert the premises to 111 residential apartments. This project was approved by the Board in April 2019 and is estimated for completion by early 2020. 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.

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

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.

The cancellation of the existing office tower head lease at Pier 14 and conversion of this space to residential apartments will result in the loss of income from the office tower as construction of the apartments takes place. This is expected to result in net income from the portfolio and distributions per share declining in the coming financial year.

This will be compensated for by longer term sustainability and diversity of rental income from Pier 14. On completion of this project and assuming a market related occupancy level on completion, net income from the portfolio and dividends per share are expected to recover and grow thereafter.

Any forecast made in this report has not been audited or reviewed by Castleview's auditors.

Richard Volks
Chairman

James Templeton

James Templeton
CEO

CORPORATE GOVERNANCE REPORT

Castleview is committed to upholding the highest standards of ethics, transparency and good governance while pursuing healthy returns. The board is the heart of good governance, exercising sound judgement and leading with integrity. It is committed to implementing governance principles and practices that are appropriate for Castleview, in accordance with the recommendations of King IV™. All directors, excluding the newly appointed financial director, Colin Dockrall, have attended a formal director induction programme at the Institute of Directors, which was completed by the end of 2018.

ETHICAL LEADERSHIP

Castleview is committed to maintaining the highest standards of ethics and business conduct. The board is the heart of the company's values and ethics, which reflects the directors' belief in compliance with all relevant laws and regulations. The group has implemented a 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.

All employees have been made aware of their responsibilities as set out in the Code. The social and ethics committee is responsible for reviewing the Code annually.

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.

THE BOARD

Members

Executive directors

James Templeton (CEO)

Colin Dockrall (FD) (appointed 1 March 2019)

Elana Kruger (Resigned 28 February 2019)

Independent non-executive directors

Richard Volks (Chairman)

Gregg Bayly

David Green

Avesh Padayachee

Castleview's board comprises two executive directors and four independent non-executive directors, including the Chairman of the board.

The responsibilities of the independent non-executive Chairman, the CEO, and the remaining directors are strictly separated to ensure that no director can exercise unfettered decision-making. 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

A formal board charter is in place. This sets out the board's responsibilities and authorities that govern the actions of the board and its directors with a view to ensuring the sustainability of the company. 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 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;
- clear separation of the roles of Chairman and CEO;
- appointment of a minimum of three independent non-executive directors;
- 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.

ATTENDANCE AT MEETINGS

Meeting attendance is recorded in the table below. A Padayachee was unable to attend the 27 July 2018 board meeting. All other meetings were attended by all the members of the board.

CASTLEVIEW BOARD MEETING ATTENDANCES FOR THE YEAR ENDED 28 FEBRUARY 2019

	Name	Date of meeting 4 May 2018	Date of meeting 27 July 2018	Date of meeting 26 October 2018	Date of meeting 8 February 2019	Total
	Executive directors					
1	JWA Templeton	√	√	√	√	4/4
2	E Kruger	√	√	√	√	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	√	X	√	√	3/4

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 and Avesh Padayachee

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

The committee meets at least four times per year. Special meetings are convened as and when required.

The audit and risk committee is governed by a charter, which was approved by the board and is reviewed annually. The board makes appointments to the committee, which are subject to approval by shareholders annually at the company's annual general meeting. The board has determined that the committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. The committee members have unfettered access to all information, documents and explanations required in the discharge of their duties and to the external auditors. The audit and risk committee is responsible for reviewing the finance function of the company on an annual basis.

The primary role of the audit and risk committee is:

1. Audit

- 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;
- to oversee 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.

Meeting attendance

Attendance at audit and risk committee meetings by the directors during the period ended 28 February 2019 is outlined below:

AUDIT AND RISK COMMITTEE MEETING ATTENDANCES FOR THE PERIOD ENDED 28 FEBRUARY 2019

	Name	Date of meeting 4 May 2018	Date of meeting 27 July 2018	Date of meeting 26 October 2018	Date of meeting 8 February 2019	Total
1	GC Bayly (Chairman)	√	√	√	√	4/4
2	RG Volks	√	√	√	√	4/4
3	A Padayachee	√	X	√	√	3/4

2. Risk

- to assist the Board to set the direction for the manner in which risk is managed and addressed while adopting a stakeholder-inclusive approach;
- to 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.

Combined assurance

Castleview's combined assurance model is based on three levels of assurance for all significant risks. Level one is internal property management assurance undertaken by the on site property management team. Level two is asset management assurance, achieved through oversight by the executive management team of the group. Level three is external assurance achieved through the oversight by the independent non-executive directors and the external auditors. By adopting this approach, the group considers that it is doing everything reasonably practicable to give assurance that risks are mitigated and that effective controls are in place.

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 did not meet during the financial period under review.

REMUNERATION COMMITTEE

Members: Avesh Padayachee (Chairman), Richard Volks

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. Seven 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 2018 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 2020 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 2020 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 seven 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.

For emoluments paid to directors during the 2019 financial period, please refer to note 25 to the annual financial statements.

The proposed emoluments of the non-executive directors for the 2020 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 28 FEBRUARY 2019 AND PROPOSED FEES FOR 2020

	Directors' fees	
Position	2019* Actual R	2020 Proposed R
Chairman of the board	120 000	138 000
Member of the board	120 000	138 000

* *All non-executive directors, regardless of individual position, received a set monthly fee of R10 000 for the period.*

Meeting attendance

The remuneration committee met twice during the year and all members were present.

REMUNERATION COMMITTEE MEETING ATTENDANCES FOR THE PERIOD ENDED 28 FEBRUARY 2019

	Name	Date of meeting 4 May 2018	Date of meeting 8 February 2019	Total
1	A Padayachee (Chairman)	√	√	2 (2)
2	RG Volks	√	√	2 (2)

Avesh Padayachee
Remuneration committee Chairman

SOCIAL AND ETHICS COMMITTEE

Members: James Templeton (Chairman), David Green and Richard Volks

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. The committee executes the duties assigned to it by the Companies Act as well as any additional duties assigned to it by the board of directors. A charter governs the committee's responsibilities and duties.

SOCIAL AND ETHICS COMMITTEE REPORT

The board is committed to transformation and accordingly the committee assists the board in ensuring that there are strategies and policies in place to progress transformation that are appropriate to Castleview, given the company's asset size and staff numbers.

The group embarked on its inaugural scorecard assessment during the 2019 financial year and was rated as non-compliant. Within the limitations of the company's asset size and staff numbers the group is pursuing an increased focus on transformation. Transformation goals and objectives pertain to equal opportunity employment, diversity management, recruitment and selection, rewards and benefits, leadership development and training.

With the limited resources at Castleview's disposal the board is committed to contributing too and uplifting the communities where it operates. In the past year Castleview has provided the South African Blood Bank with a stand from which to operate. This facility was provided on a bi-monthly basis at no charge. The company also provided the Heart Foundation with a stand, at no charge, from which various free health assessments were provided to the local community.

The safety of our stakeholders, with specific reference to our Pier 14 Shopping Centre, will always be one of Castleview's primary focus areas. The social and ethics committee continues to review Castleview's compliance with applicable health and safety laws.

Castleview is committed to respecting human rights, which includes ensuring that all stakeholders are treated with dignity, respect and care. The committee is satisfied that Castleview continues to promote equality in all respects through adhering to the processes and policies that have been put in place.

Castleview's stakeholder approach focuses on establishing and maintaining beneficial relationships for all stakeholders. As Castleview grows, the committee will ensure that stakeholder engagement evolves appropriately. The committee will embark on adopting a formal stakeholder engagement policy during the course of the year.

In pursuit of being a responsible citizen, all environmental matters are monitored through the social and ethics committee, which in turn ensures that Castleview's sustainability initiatives and objectives are effectively integrated into the business.

The board, together with the social and ethics committee, seeks to ensure that Castleview conducts its business ethically and effectively. Accordingly the social and ethics committee adopted a code of ethical conduct which all employees and service providers are expected to adopt and promote. The social and ethics committee endeavours to promote a culture of openness and transparency throughout Castleview and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions.

The committee is pleased to confirm that Castleview has met its environmental, social and governance responsibilities. The committee confirms that it has discharged its responsibilities appropriately for the year under review.

Meeting attendance

Attendance at social and ethics committee meetings by the directors during the period ending 28 February 2019 is outlined below:

SOCIAL AND ETHICS COMMITTEE MEETING ATTENDANCES FOR THE PERIOD ENDED 28 FEBRUARY 2019

	Name	Date of meeting 27 July 2018	Date of meeting 8 February 2019	Total
1	J Templeton (Chairman)	√	√	2 (2)
2	D Green	√	√	2 (2)
3	RG Volks	√	√	2 (2)

James Templeton

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 2020.

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 sales and investment brokers 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 distributions, capital appreciation, 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 eternal leasing agents Early renewal negotiations – tenants are engaged six months prior to lease expiry Effective credit control procedures for defaulting tenants
Financing		
Interest rate risk	Increased cost of borrowings will reduce distributions and shareholder value	Maintain appropriate level of fixed interest rates and hedging
Failure to secure funds for acquisitions	Inability to grow and maintain the portfolio	Regular interaction with shareholders, investors and bankers to ensure the availability of equity and/or debt for funding of acquisitions
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 who attend every quarterly board meeting
Reputational risk	Loss of investor confidence and unit price volatility	Regular communication with all 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 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 28 February 2019.

APPLICATION OF THE KING IV™ PRINCIPLES

Leadership, ethics and corporate citizenship	
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.

APPLICATION OF THE KING IV™ PRINCIPLES

Strategy, performance and reporting	
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.
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.
Governing structures and delegation	
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.

APPLICATION OF THE KING IV™ PRINCIPLES

Governing structures and delegation	
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, lead the first evaluation process during the 2019 financial year.
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.
Governance functional areas	
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.

APPLICATION OF THE KING IV™ PRINCIPLES

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**
Governance functional areas	
	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.
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.
Stakeholder relationships	
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 28 February 2019

INDEX

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

Published 25 June 2019

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 judgments 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 29 February 2020 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 66, together with the directors' report on pages 29 to 31, which have been prepared on the going concern basis, was approved by the board of directors on 25 June 2019 and signed on their behalf by:

Approval of financial statements

James Templeton Colin Dockrall

JWA Templeton **C P Dockrall**

INDEPENDENT AUDITOR'S REPORT

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

To the shareholders of Castleview Property Fund Limited

Opinion
We have audited the consolidated and separate annual financial statements of Castleview Property Fund Limited (the group) set out on pages 32 to 66, which comprise the statements of financial position as at 28 February 2019, 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 28 February 2019, 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 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 properties

The valuation of the investment property was considered a matter of most significance to our current year audit due to the significant judgement and assumptions applied in determining the fair value of the investment property. The investment property is stated at its fair value based on the directors' valuation thereof. The directors used the discounted cash flow method to determine the fair value. We considered future cash flow values, discount rates and capitalisation values as the significant judgements.

Our audit procedures performed included the following:

a) We tested the data inputs in the directors' cash flow forecast by agreeing them to approved and signed lease agreements and other supporting documentation.

b) We calculated our own independent range of fair values and compared these to the directors' valuation. We considered the directors' fair value to fall within our acceptable range.

c) 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 applied by the management that impact the fair value of the investment property.

INDEPENDENT AUDITOR'S REPORT

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

- 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 two years.

Nolands Inc.

Nolands Inc.
Registered Auditors
Practice Number: 900583e
Per: Craig Stansfield
Chartered Accountant (SA)
Registered Auditor
Director

Noland House
River Park,
River Lane,
Mowbray
7700

Cape Town
25 June 2019

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 28 February 2019.

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	2019 Number of shares	2018 Number of shares
Ordinary shares of no par value	**1 000 000 000**	1 000 000 000

Issued	2019 R	2018 R	2019 Number of shares	2018 Number of shares
Ordinary shares of no par value	**165 000 000**	165 000 000	**33 000 000**	33 000 000

There have been no changes to the authorised or issued share capital during the year under review.

5. DIVIDENDS

A final gross dividend of 19.43000 cents per share was approved by the board of directors on 3 May 2019 in South African currency in respect of the 6 months ended 28 February 2019. The dividend payment date is 18 June 2019 to shareholders recorded in the register of the company at close of business on 14 June 2019.

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 17.79926 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

6. DIRECTORATE

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

Directors	Office	Designation	Nationality	Changes
J W A Templeton	Chief Executive Officer	Executive	South African	
E Kruger	Finance Director	Executive	South African	Resigned 28 February 2019
RG Volks	Chairperson	Non-executive Independent	South African	
A Padayachee	Director	Non-executive Independent	South African	
DJ Green	Director	Non-executive Independent	South African	
GC Bayly	Director	Non-executive Independent	South African	
C P Dockrall	Finance Director	Executive	South African	Appointed 01 March 2019

7. INTERESTS 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 19.43000 cents was declared on 3 May 2019. Please see note 26 for further details.

C P Dockrall was appointed to the board of directors on 1 March 2019.

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

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 non-compliance 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 2020 financial year.

DIRECTORS' REPORT

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

	Number of shares	%
Shareholders' spread analysis as at 28 February 2019		
1 – 10 000 shares	20 000	0.06
10 001 – 100 000 shares	724 000	2.19
100 001 – 1 000 000 shares	2 556 000	7.75
1 000 001 shares and over	29 700 000	90.00
	33 000 000	100.00
Shareholders with an interest of 5% or more in shares		
Urban Retail Property Investments 1 (Pty) Ltd	29 700 000	90.00

	Number of shareholders	%	Number of shares	%
Public and non-public shareholders				
Public shareholders	19	10	3 300 000	10
Non-public shareholders	1	90	29 700 000	90
	20	100	33 000 000	100

As at 28 February 2019, 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 28 February 2019, 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 28 FEBRUARY 2019

		Group		Company	
Figures in Rand	Note(s)	2019	2018	2019	2018
Assets					
Non-Current Assets					
Property, plant and equipment	2	**1 218 296**	784 573	**–**	–
Investment property	3	**309 400 474**	308 690 842	**–**	–
Operating lease asset	4	**4 381 230**	6 152 965	**–**	–
Investments in subsidiaries	5	**–**	–	**165 000 000**	165 000 000
Deferred tax	6	**–**	429 433	**–**	–
		315 000 000	**316 057 813**	**165 000 000**	**165 000 000**
Current Assets					
Loans to group companies	7	**–**	–	**29 932 553**	17 426 993
Trade and other receivables	8	**3 529 488**	1 320 458	**285 000**	285 000
Cash and cash equivalents	9	**3 675 738**	56 281 732	**256 741**	10 591 552
		7 205 226	57 602 190	**30 474 294**	28 303 545
Total Assets		**322 205 226**	**373 660 003**	**195 474 294**	**193 303 545**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	10	**165 000 000**	165 000 000	**165 000 000**	165 000 000
Accumulated profit / (loss)		**2 611 664**	3 845 546	**(3 631 644)**	(1 925 153)
		167 611 664	168 845 546	**161 368 356**	163 074 847
Non-controlling interest		**182 658**	186 660	**–**	–
		167 794 322	**169 032 206**	**161 368 356**	**163 074 847**
Liabilities					
Non-Current Liabilities					
Loans from parent company	7	**32 679 312**	28 419 384	**32 679 312**	28 419 384
Other financial liabilities	11	**110 302 437**	164 055 652	**–**	–
		142 981 749	192 475 036	**32 679 312**	28 419 384
Current Liabilities					
Trade and other payables	12	**9 211 787**	8 129 782	**35 256**	117 000
Loan from parent company	7	**530 370**	1 692 314	**530 370**	1 692 314
Loan from group companies	7	**–**	–	**861 000**	–
Current tax payable		**1 686 998**	2 330 665	**–**	–
		11 429 155	12 152 761	**1 426 626**	1 809 314
Total Liabilities		**154 410 904**	204 627 797	**34 105 938**	30 228 698
Total Equity and Liabilities		**322 205 226**	373 660 003	**195 474 294**	193 303 545

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

FOR THE YEAR ENDED 28 FEBRUARY 2019

		Group		Company	
Figures in Rand	Note(s)	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Revenue	13	39 985 959	17 802 346	13 021 517	951 309
Other operating expenses		(15 796 994)	(10 089 950)	(228 157)	(1 182 723)
Operating profit (loss)	14	**24 188 965**	**7 712 396**	**12 793 360**	**(231 414)**
Investment income	15	567 462	1 808 880	–	–
Finance costs	16	(14 857 214)	(7 925 635)	(3 108 508)	(1 693 739)
Gain on fair value adjustment	17	709 632	–	–	–
Bargain purchase on acquisition of subsidiary		–	2 511 373	–	–
Profit/(loss) before taxation		**10 608 845**	**4 107 014**	**9 684 852**	**(1 925 153)**
Taxation	18	(442 630)	(258 203)	–	–
Total comprehensive income/(loss) for the year/period		**10 166 215**	**3 848 811**	**9 684 852**	**(1 925 153)**
Profit /(loss) and total comprehensive income/(loss) attributable to:					
Owners of the parent		10 157 461	3 845 546	9 684 852	(1 925 153)
Non-controlling interest		8 754	3 265	–	–
		10 166 215	**3 848 811**	**9 684 852**	**(1 925 153)**

		Group	
	Note(s)	2019	8 months ended 28 February 2018
Earnings per share information			
Basic and diluted earnings per share (cents)	19	30.78	12.97

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2019

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	–	–	–	–	–
Issue of shares	165 000 000	–	165 000 000	–	165 000 000
Business combinations	–	–	–	183 395	183 395
Profit and total comprehensive income for the period	–	3 845 546	3 845 546	3 265	3 848 811
Balance at 01 March 2018	**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 28 February 2019	**165 000 000**	**2 611 664**	**167 611 664**	**182 658**	**167 794 322**
Note(s)	10				
Company					
Opening balance	–	–	–		
Issue of shares	165 000 000	–	165 000 000		
Loss and total comprehensive loss for the period	–	(1 925 153)	(1 925 153)		
Balance at 01 March 2018	**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 28 February 2019	**165 000 000**	**(3 631 644)**	**161 368 356**		
Note(s)	10				

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2019

		Group		Company	
Figures in Rand	Note(s)	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Cash flows from operating activities					
Cash generated from (utilised in) operations	20	24 344 538	8 230 661	12 701 092	(1 260 948)
Interest income		567 462	1 808 880	–	951 309
Finance costs		(10 734 061)	(5 479 615)	–	–
Net cash from operating activities		**14 177 939**	**4 559 926**	**12 701 092**	**(309 639)**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(626 963)	–	–	–
Business combinations		–	(23 623 773)	–	–
Investment in subsidiaries		–	–	–	(29 098 809)
Net cash from investing activities		**(626 963)**	**(23 623 773)**	**–**	**(29 098 809)**
Cash flows from financing activities					
Proceeds on share issue		–	40 000 000	–	40 000 000
Other financial liabilities advanced		–	35 345 579	–	–
Repayment of other financial liabilities		(54 765 627)	–	–	–
Dividends paid		(11 391 343)	–	(11 391 343)	–
Proceeds from loans from group companies		–	–	861 000	–
Loans advanced to group companies		–	–	(12 505 560)	–
Net cash from financing activities		**(66 156 970)**	**75 345 579**	**(23 035 903)**	**40 000 000**
Total cash movement for the year/period		**(52 605 994)**	**56 281 732**	**(10 334 811)**	**10 591 552**
Cash and cash equivalents at the beginning of the year/period		56 281 732	–	10 591 552	–
Total cash and cash equivalents at end of the year/period	9	**3 675 738**	**56 281 732**	**256 741**	**10 591 552**

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 consolidated and separate annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements.

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 judgments, 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:

Investment property

In the application of the accounting policy which is described in note 1.5 below, management is required to make judgements, estimates and assumptions about the fair value of the investment property that are not readily apparent from other sources.

The fair value of the investment property is determined using current rentals, expected market rentals, expected vacancies and appropriate capitalisation rates. The valuation of the investment property as at 28 February 2019, which was determined by the directors, is more fully described in note 3.

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 Investments in subsidiaries

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

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 are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

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.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using the straight-lining method which best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value 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 at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The followiing 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 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 origniated 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, where there is objective evidence of impairment on a collective basis.

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.

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments

Equity Instruments

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.

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.

The effective interest method is a method of calculating the amortised cost of a financial liability, and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments (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 liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Other financial liabilities 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).

Withholding tax relating to foreign distributions received is recognised as part of the current tax expense. The distribution received is presented gross of withholding tax in the financial statements.

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Tax (continued)

Taxation and deferred taxation (continued)

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 no longer 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.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. 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.

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.10 Impairment of assets (continued)

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. 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.

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

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.15 Segmental reporting (continued)

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 4 of 2018 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.

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 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 1.20.1) and IFRS 9 Financial Instruments (see note 1.20.2) from 1 March 2018.

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.20 Changes in significant accounting policies (continued)

1.20.1 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 IAS17.

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

1.20.2 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 carrying amount under IAS 39		New carrying amount under IFRS 9	
Financial asset	**Original classification under IAS 39**	**New classification under IFRS 9**	**28 February 2019**	**28 February 2018**	**28 February 2019**	**28 February 2018**
Trade and other receivables	Loans and receivables at amortised cost	Financial assets at amortised cost	**3 529 488**	1 320 458	**3 529 488**	1 320 458
Cash and cash equivalents	Loans and receivables at amortised cost	Financial assets at amortised cost	**3 675 738**	56 281 732	**3 675 738**	56 281 732

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

Group Figures in Rand	2019 Cost	2019 Accumulated depreciation	2019 Carrying value	2018 Cost	2018 Accumulated depreciation	2018 Carrying value
Plant and machinery	**1 364 786**	**(215 413)**	**1 149 373**	746 371	(39 310)	707 061
Furniture and fixtures	**16 054**	**(7 418)**	**8 636**	16 054	(4 208)	11 846
Motor vehicles	**5 000**	**–**	**5 000**	5 000	–	5 000
Office equipment	**3 236**	**(1 664)**	**1 572**	3 236	(436)	2 800
Computer equipment	**24 347**	**(6 871)**	**17 476**	15 798	(2 002)	13 796
Signage	**61 879**	**(25 640)**	**36 239**	61 879	(17 809)	44 070
Total	**1 475 302**	**(257 006)**	**1 218 296**	**848 338**	**(63 765)**	**784 573**

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**

Reconciliation of property, plant and equipment – Group – 2018

Figures in Rand	Opening balance	Additions through business combinations	Depreciation	Total
Plant and machinery	–	746 371	(39 310)	707 061
Furniture and fixtures	–	16 054	(4 208)	11 846
Motor vehicles	–	5 000	–	5 000
Office equipment	–	3 236	(436)	2 800
Computer equipment	–	15 798	(2 002)	13 796
Signage	–	61 879	(17 809)	44 070
	–	**848 338**	**(63 765)**	**784 573**

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

3. INVESTMENT PROPERTY

	Group	
Figures in Rand	2019	8 months ended 28 February 2018
Investment property at fair value	309 400 474	308 690 842

Reconciliation of investment property – Group – 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**

Reconciliation of investment property – Group – 2018	
Additions through business combinations	308 690 842
Investment property valuation at year end	308 690 842
Operating lease asset	6 152 965
Recognised in property, plant and equipment	156 193
Valuation obtained	**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 11.

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

3. INVESTMENT PROPERTY (CONTINUED)

Details of valuation

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:

	Group	
Unobservable inputs	2019	8 months ended 28 February 2018
• Discount rate	15.00%	15.00%
• Market cap rate	9.52%	10.00%
• Expense growth rate	7.00%	7.00%
• Income growth rate	6.00%	6.00%
• Initial yield	9.66%	9.70%
• Discounted cash flow term	10 years	10 years
• Exit capitalisation rate	10.37%	10.85%

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);
- Exit capitalisation rate was lower/(higher).

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Amounts recognised in profit and loss for the year				
Rental income from investment property	39 985 959	17 802 346		
Direct operating expenses from rental generating property	(14 358 334)	(6 332 135)		
	25 627 625	11 470 211		

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

4. OPERATING LEASE ASSET

	Group	
	2019	**8 months ended 28 February 2018**
Balance at the beginning of the year	**6 152 965**	–
Arising from business combinations	**–**	5 435 540
Current year movement	**(1 771 734)**	717 425
	4 381 230	6 152 965
Future minimum lease payments		
At year end, the future minimum lease payments under non-cancellable leases receivable were as follows:		
– within one year	**32 482 253**	31 614 341
– between two and five years	**62 046 018**	65 111 743
– more than five years	**17 382 953**	21 031 755
	111 911 224	117 757 839

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

5. INTERESTS IN SUBSIDIARIES

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

Group **Name of company**	**Held by**	**% voting power 2019**	**% holding 2018**	**% voting power 2019**	**% holding 2018**	**Carrying amount 2019**	**Carrying amount 2018**
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%	**180 700 000**	180 700 000

No impairment losses have been recognised during the current year and preceding period under review.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

6. DEFERRED TAX

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Deferred tax asset (liability)				
Property plant and equipment	–	(63 071)	–	–
Income received in advance	–	262 068	–	–
Provisions and accruals	–	10 575	–	–
Provisions for doubtful debts	–	219 861	–	–
Total deferred tax (liability) asset	–	**429 433**	–	**–**
Reconciliation of deferred tax asset (liability)				
At beginning of year	429 433	–	–	–
Additions through business combinations	–	221 519	–	–
Property, plant and equipment	63 071	2 963	–	–
Income received in advance	(262 068)	(13 349)	–	–
Provisions and accruals	(230 436)	(1 561)	–	–
Provisions for doubtful debts	–	219 861	–	–
	–	**429 433**	–	**–**

7. LOANS TO (FROM) GROUP COMPANIES

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Subsidiaries				
Castleview One (Pty) Ltd	–	–	29 932 553	17 426 993
FEC Prop (Pty) Ltd	–	–	(861 000)	–
	–	–	29 071 553	17 426 993

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

7. LOANS TO (FROM) GROUP COMPANIES (CONTINUED)

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Parent company				
Urban Retail Property Investments 1 (Pty) Ltd	(33 209 682)	(30 111 698)	(33 209 682)	(30 111 698)
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 2018 was mutually agreed by both parties to be deferred and repaid at the end of the loan term.				
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	–	–	29 932 553	17 426 993
Non-current liabilities	(32 679 312)	(28 419 384)	(32 679 312)	(28 419 384)
Current liabilities	(530 370)	(1 692 314)	(1 391 370)	(1 692 314)
	(33 209 682)	**(30 111 698)**	(4 138 129)	**(12 684 705)**

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Trade receivables	1 183 017	673 937	–	–
Amounts due from related parties	746 946	285 000	285 000	285 000
Other receivables	449 378	236 096	–	–
Rental guarantee	1 150 147	125 425	–	–
	3 529 488	**1 320 458**	285 000	**285 000**
Gross trade receivables	2 465 747	1 569 277	–	–
Impairment provision	(1 282 730)	(895 340)	–	–
Net trade receivables	1 183 017	**673 937**	–	**–**

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.

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables past due but not impaired

Trade receivables which are less than 1 month past due are not considered to be impaired. At 28 February 2019, R871 845 (2018: R360 180) were past due but not impaired.

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

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
1 month past due	321 561	228 778	–	–
2 months past due	550 284	131 402	–	–
	871 845	360 180	–	–
Trade receivables impaired				
As of 28 February 2019, trade receivables of R1,282,730 (2018: R895,340) were impaired and provided for.				
The ageing of these debts are as follows:				
Greater than 2 months	1 282 730	895 340	–	–
Reconciliation of provision for impairment of trade receivables				
Opening balance	895 340	–	–	–
Impairment loss recognised in trade receivables	1 112 792	895 340	–	–
Impairment loss reversed / utilised in trade receivables	(725 402)	–	–	–
	1 282 730	**895 340**	–	**–**

The group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The group has recognised a loss allowance of 100% against all receivables over 60 days past due because historical experience has indicated that these receivables are generally not recoverable.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Cash on hand	4 138	4 053	–	–
Bank balances	3 671 600	56 277 679	256 741	10 591 552
	3 675 738	56 281 732	256 741	10 591 552

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.

10. SHARE CAPITAL

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Authorised				
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:				
Opening balance	33 000 000	–	33 000 000	–
Issue of shares – ordinary shares of no par value	–	33 000 000	–	33 000 000
	33 000 000	33 000 000	33 000 000	33 000 000
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.				
Issued	R	R	R	R
No par value ordinary shares	165 000 000	165 000 000	165 000 000	165 000 000

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

11. OTHER FINANCIAL LIABILITIES

Figures in Rand	Group 2019	Group 8 months ended 28 February 2018	Company 2019	Company 8 months ended 28 February 2018
Held at amortised cost				
Mortgage bond	**110 302 437**	164 055 652	**–**	–

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%.

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.

The fair value of the other financial liability held at amortised cost is estimated to approximate its carrying value due to the interest rates being market-related for similar entities.

12. TRADE AND OTHER PAYABLES

Figures in Rand	Group 2019	Group 8 months ended 28 February 2018	Company 2019	Company 8 months ended 28 February 2018
Trade payables	**913 048**	1 434 488	**–**	–
Amounts received in advance	**1 101 259**	935 956	**–**	–
Value-added taxation	**314 501**	726 010	**–**	–
Deposits received	**3 921 938**	3 854 549	**–**	–
Other payables	**2 961 041**	1 178 779	**35 256**	117 000
	9 211 787	**8 129 782**	**35 256**	**117 000**

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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

13. REVENUE

	Group		Company	
Figures in Rand	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Rental income – rental guarantee	874 575	125 425	–	–
Property rental income	36 486 647	16 633 422	–	–
Interest income	–	–	273 027	951 309
Dividends received	–	–	12 748 490	–
Recoveries	2 624 737	1 043 499	–	–
	39 985 959	**17 802 346**	**13 021 517**	**951 309**

14. OPERATING PROFIT (LOSS)

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

	Group		Company	
Auditor's remuneration – external				
Audit fees	395 900	642 361	–	–
Employee costs				
Salaries, wages, bonuses and other benefits	1 773 799	714 641	5 600	215 400
Leases				
Operating lease charges				
Equipment	98 082	71 675	–	–
Depreciation				
Depreciation of property, plant and equipment	193 241	63 765	–	–
Other				
Asset management fees	1 718 321	449 131	–	–
Cleaning	1 303 103	534 678	–	–
Listing expenses	–	3 354 726	–	779 790
Rates and taxes	2 583 938	1 044 076	–	–
Repairs and maintenance	2 064 055	486 085	–	–
Security	1 808 157	723 172	–	–

15. INVESTMENT INCOME

	Group		Company	
Interest income				
From investments in financial assets:				
Bank and other cash	567 462	1 808 880	–	–

16. FINANCE COSTS

Figures in Rand	Group 2019	Group 8 months ended 28 February 2018	Company 2019	Company 8 months ended 28 February 2018
Parent company	3 097 985	1 692 314	3 097 985	1 692 314
Other financial liabilities	11 745 496	6 195 296	–	–
Other interest paid	13 733	38 025	10 523	1 425
Total finance costs	**14 857 214**	**7 925 635**	**3 108 508**	**1 693 739**

17. GAIN ON FAIR VALUE ADJUSTMENT

Figures in Rand	Group 2019	Group 8 months ended 28 February 2018	Company 2019	Company 8 months ended 28 February 2018
Fair value gains (losses)				
Investment property	709 632	–	–	–

18. TAXATION

Figures in Rand	Group 2019	Group 8 months ended 28 February 2018	Company 2019	Company 8 months ended 28 February 2018
Major components of the tax expense				
Current				
Local income tax – current period	–	466 118	–	–
Deferred				
Originating and reversing temporary differences	442 630	(207 915)	–	–
	442 630	**258 203**	–	–
Reconciliation between accounting profit and tax expense.				
Accounting profit (loss)	10 608 845	4 107 014	9 684 852	(1 925 153)
Tax at the applicable tax rate of 28% (2018: 28%)	2 970 477	1 149 964	2 711 759	(539 043)
Tax effect of adjustments on taxable income				
Permanent difference: S25BB qualifying distribution (REIT)	(2 970 477)	(1 544 924)	(2 711 759)	–
Assessed losses not recognised	–	321 317	–	320 702
Reversal of prior year deferred taxation	442 630	–	–	–
Permanent difference: gain on bargain purchase	–	(703 184)	–	–
Permanent difference: listing expenses	–	921 068	–	218 341
Other permanent differences	–	113 962	–	–
	442 630	**258 203**	–	–

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

19. PER SHARE INFORMATION

	Group	
	2019	8 months ended 28 February 2018
Profit attributable to shareholders	10 157 461	3 845 546
Gain on bargain purchase in a business combination	–	(2 511 373)
Gain on fair value adjustment	(709 632)	–
Total non-controlling interest effects of adjustments	710	–
Headline earnings	9 448 539	1 334 173
Lease straight-lining adjustment	1 771 734	(717 425)
Listing expenses	–	3 354 726
Depreciation	193 241	63 765
Deferred tax movement	442 629	(207 915)
Total non-controlling interest effects of adjustments	(2 408)	–
Distributable income	11 853 735	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)	**30.78**	**12.97**
Headline earnings per share (c)	**28.63**	**4.50**
Distributable earnings per share (c)	**35.92**	**11.60**
Net asset value per share (c)	**507.91**	**511.65**
Distribution per share (c)	**37.23**	**16.72**

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

20. CASH GENERATED FROM (UTILISED IN) OPERATIONS

	Group		Company	
	2019	8 months ended 28 February 2018	2019	8 months ended 28 February 2018
Profit (loss) before taxation	10 608 845	4 107 014	9 684 852	(1 925 153)
Adjustments for:				
Depreciation	193 241	63 765	–	–
Gain on fair value adjustment	(709 632)	–	–	–
Interest income	(567 462)	(1 808 880)	–	(951 309)
Finance costs	14 857 214	7 925 635	3 097 984	1 693 739
Gain on bargain purchase	–	(2 511 373)	–	–
Movements in operating lease assets and accruals	1 771 734	(717 425)	–	–
Interest accrued on group loans	–	–	–	–
Movement in provision for doubtful debt	(387 390)	–	–	–
Changes in working capital:				
Trade and other receivables	(2 824 035)	(1 270 800)	–	(285 000)
Trade and other payables	1 402 023	2 442 725	(81 744)	206 775
	24 344 538	**8 230 661**	12 701 092	**(1 260 948)**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

21. CATEGORIES OF FINANCIAL INSTRUMENTS

	2019			2018		
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	–	3 529 488	3 529 488	–	1 320 458	1 320 458
Cash and cash equivalents	–	3 675 738	3 675 738	–	56 281 732	56 281 732
	–	7 205 226	7 205 226	–	57 602 190	57 602 190
Liabilities						
Non-current liabilities						
Other financial liabilities	110 302 437	–	110 302 437	164 055 652	–	164 055 652
Loan from parent company	32 679 312	–	32 679 312	28 419 384	–	28 419 384
	142 981 749	–	142 981 749	192 475 036	–	192 475 036
Current liabilities						
Loan from parent company	530 370	–	530 370	1 692 314	–	1 692 314
Trade and other payables*	7 796 027	–	7 796 027	6 467 816	–	6 467 816
	8 326 397	–	8 326 397	8 160 130	–	8 160 130
Company						
Assets						
Current assets						
Loans to group companies	–	29 932 553	29 932 553	–	17 426 993	17 426 993
Trade and other receivables	–	285 000	285 000	–	285 000	285 000
Cash and cash equivalents	–	256 741	256 741	–	10 591 552	10 591 552
	–	30 474 294	30 474 294	–	28 303 545	28 303 545
Liabilities						
Non-current liabilities						
Loan from parent company	32 679 312	–	32 679 312	28 419 384	–	28 419 384
	32 679 312	–	32 679 312	28 419 384	–	28 419 384
Current liabilities						
Loan from parent company	530 370	–	530 370	1 692 314	–	1 692 314
Loan from group companies	861 000	–	861 000	–	–	–
Trade and other payables*	35 256	–	35 256	117 000	–	117 000
	1 426 626	–	1 426 626	1 809 314	–	1 809 314

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

22. 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 7 & 11, cash and cash equivalents disclosed in note 9, 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 2019 and 2018 was as follows:

Loan to value ratio	44.4% (2018: 43.8%)

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 and the ability to close out market positions. 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.

Cash flow forecasts are prepared and adequate unutilised borrowing facilities are monitored.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

22. RISK MANAGEMENT (CONTINUED)

Liquidity risk

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.

Group At 28 February 2019 Figures in Rand	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years
Other financial liabilities	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	–	–

At 28 February 2018	Less than 1 year	Between 2 and 5 years
Other financial liabilities	–	164 055 652
Loan from parent company	1 692 314	28 419 384
Trade and other payables*	6 467 814	–

Company At 28 February 2019 Figures in Rand	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years
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	–	–

At 28 February 2018	Less than 1 year	Between 2 and 5 years
Loan from parent company	1 692 314	28 419 384
Trade and other payables*	117 000	–

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

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 2019 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 becomes affordably priced, a portion of the debt will be fixed.

At 28 February 2019, 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 R1 235 706 (2018: R429 665) lower/higher for the group, and R243 666 (2018: R52 151) lower/higher for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

22. RISK MANAGEMENT (CONTINUED)

Cash flow interest rate risk

2019 Group	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years
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	–	32 679 312

Company	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years
Cash in current banking institutions	6.25%	256 741	–	–
Loan from parent company	10.00%	530 370	–	32 679 312
Loan to group companies	–	29 932 533	–	–
Loan from group companies	–	861 000	–	–

2018 Group	Current interest rate	Due in less than a year	Due in two to three years	Due in three to four years
Cash in current banking institutions	6.25%	56 277 679	–	–
Bond over property – floating rate	9.25%	–	164 055 652	–
Loan from parent company	10.00%	1 692 314	–	28 419 384

Company	Current interest rate	Due in less than a year	Due in two to three years	Due in three to four years
Cash in current banking institutions	6.25%	10 591 552	–	–
Loan from group company	–	17 426 993	–	–
Loan from parent company	10.00%	1 692 314	–	28 419 384

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

22. RISK MANAGEMENT (CONTINUED)

Credit risk

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

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

Financial instrument	Group 2019	Group 8 months ended 28 February 2018	Company 2019	Company 8 months ended 28 February 2018
Cash and cash equivalents*	**3 671 600**	56 277 679	**256 741**	10 591 552
Trade and other receivables	**3 529 488**	1 320 458	**285 000**	285 000
Loans to group companies	**–**	–	**29 932 553**	17 426 993

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

23. 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	
Figures in Rand	**Note(s)**	**2019**	**8 months ended 28 February 2018**
Levels of fair value measurements			
Level 3			
Recurring fair value measurements			
Assets			
Investment property			
Pier 14 Shopping Centre*	3	**313 781 705**	314 843 807
Total		**313 781 705**	**314 843 807**

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.

* *Includes investment property and operating lease asset*

	Group	
Reconciliation of assets and liabilities measured at level 3	**2019**	**8 months ended 28 February 2018**
Investment property		
Opening carrying value	**314 843 807**	308 690 842
Fair value adjustment	**709 632**	–
Movement in operating lease asset	**(1 771 734)**	–
Recognised in operating lease asset	**–**	6 152 965
Total investment property	**313 781 705**	314 843 807

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

24. RELATED PARTIES

Relationships

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

Figures in Rand	Group 2019	Group 8 months ended 28 February 2018	Company 2019	Company 8 months ended 28 February 2018
Related party balances				
Loan accounts – Owing (to) by related parties				
Urban Retail Property Investments 1 (Pty) Ltd	**(33 209 682)**	(30 111 698)	**(33 209 682)**	(30 111 698)
Castleview One (Pty) Ltd	**–**	–	**29 932 553**	17 426 993
FEC Prop (Pty) Ltd	**–**	–	**(861 000)**	–
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Castleview Asset Managers (Pty) Ltd	**419 563**	285 000	**285 000**	285 000
Related party transactions				
Interest capitalised on loan owing to parent company				
Urban Retail Property Investments 1 (Pty) Ltd	**3 097 985**	1 692 314	**3 097 985**	1 692 314
Asset management fees paid to company under common directorship				
Castleview Asset Managers (Pty) Ltd	**1 718 321**	449 131	**–**	–
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	**480 000**	215 400	**–**	215 400

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

25. DIRECTORS' EMOLUMENTS

Executive and non-executive

2019 **Figures in Rand** **Group**	**Directors' emoluments**	**Directors' fee via Castleview Asset Managers (Pty) Ltd**	**Total**
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

2018 **Figures in Rand** **Group and company**			
E Kruger*	–	240 000	240 000
R G Volks**	50 000	–	50 000
A Padayachee**	54 200	–	54 200
D J Green**	54 200	–	54 200
G C Bayly**	57 000	–	57 000
	215 400	240 000	455 400

26. DIVIDEND PAYABLE

On 03 May 2019, the board approved a dividend of 19.43000 cents per share for the six months ended 28 February 2019, bringing the total distribution for the twelve months to 37.23000 (2018: 16.71996) cents per share.

* *Executive director*
** *Independent non-executive director*

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

27 SEGMENT ANALYSIS

Segment information

At 28 February 2019, the group is organised into one main operating segment:

- Mixed use (includes retail and office)

As stated in note 3 Investment property, the group owns one property.

	2019			2018		
	Mixed use	Admin and corporate costs	Total	Mixed use	Admin and corporate costs	Total
Revenue	39 985 959	–	39 985 959	17 802 346	–	17 802 346
Property operating expenses	(14 358 334)	–	(14 358 334)	(6 332 135)	–	(6 332 135)
Administrative expenses	–	(1 438 660)	(1 438 660)	–	(3 757 815)	(3 757 815)
Operating profit (loss)	25 627 625	(1 438 660)	24 188 965	11 470 211	(3 757 815)	7 712 396
Gain on fair value adjustment	709 632	–	709 632	–	–	–
Bargain purchase on acquisition of subsidiary	–	–	–	–	2 511 373	2 511 373
Investment income	567 462	–	567 462	857 562	951 318	1 808 880
Finance costs	(11 748 706)	(3 108 508)	(14 857 214)	(6 231 893)	(1 693 742)	(7 925 635)
Profit (loss) before taxation	15 156 013	(4 547 168)	10 608 845	6 095 880	(1 988 866)	4 107 014
Taxation	(442 630)	–	(442 630)	(258 203)	–	(258 203)
Profit (loss) for the period	14 713 383	(4 547 168)	10 166 215	5 837 677	(1 988 866)	3 848 811
Non-controlling interest	(8 754)	–	(8 754)	(3 265)	–	(3 265)
Profit (loss) attributable to owners of the parent	14 704 629	(4 547 168)	10 157 461	5 834 412	(1 988 866)	3 845 546
Reconciliation of profit for the year/period to distributable income:						
Gain on bargain purchase in a business combination			–			(2 511 373)
Gain on fair value adjustment			(709 632)			–
Total non-controlling interest effects of adjustments			710			–
Headline earnings			9 448 539			1 334 173
Lease straightlining adjustment			1 771 734			(717 425)
Listing expenses			–			3 354 726
Depreciation			193 241			63 765
Deferred tax movement			442 629			(207 915)
Total non-controlling interest effects of adjustments			(2 408)			–
Distributable income			11 853 735			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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

27 SEGMENT ANALYSIS (CONTINUED)

	2019			2018		
	Mixed use	Admin and corporate costs	Total	Mixed use	Admin and corporate costs	Total
Property, plant and equipment	**1 218 296**	**–**	**1 218 296**	784 573	–	784 573
Investment property	**309 400 474**	**–**	**309 400 474**	308 690 842	–	308 690 842
Operating lease asset	**4 381 230**	**–**	**4 381 230**	6 152 965	–	6 152 965
Deferred tax	**–**	**–**	**–**	429 433	–	429 433
Trade and other receivables	**3 244 488**	**285 000**	**3 529 488**	1 035 458	285 000	1 320 458
Cash and cash equivalents	**3 417 168**	**258 570**	**3 675 738**	45 689 379	10 592 353	56 281 732
	321 661 656	**543 570**	**322 205 226**	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.

	2019			2018		
	Mixed use	Admin and corporate costs	Total	Mixed use	Admin and corporate costs	Total
Other financial liabilities	**110 302 437**	**–**	**110 302 437**	164 055 652	–	164 055 652
Loan from parent company	**–**	**33 209 682**	**33 209 682**	–	30 111 698	30 111 698
Trade and other payables	**9 176 531**	**35 256**	**9 211 787**	8 012 782	117 000	8 129 782
Current tax payable	**1 686 998**	**–**	**1 686 998**	2 330 665	–	2 330 665
	121 165 966	**33 244 938**	**154 410 904**	174 399 099	30 228 698	204 627 797

The chief operating decision maker is the chief executive officer.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

28. RENTAL GUARANTEE

Per the subscription agreement dated 18 August 2017 between Castleview One (Pty) Ltd and K2017099441 (South Africa) (Pty) Ltd for the subscription into FEC Prop (Pty) Ltd, K2017099441 (South Africa) (Pty) Ltd guaranteed certain minimum rental income for the first 24 months after acquisition. The shortfall for the period ending 28 February 2019 was R874 575 (2018: R125 425).

29. REPORTING PERIOD AND COMPARATIVE FIGURES

The prior reporting period is for eight months, as the company was incorporated on 6 July 2017. Accordingly, the amounts are not entirely comparable.

30. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, the Castleview board of directors approved the cancellation of the head lease over the office tower at Pier 14 with Gritprop Investment Holdings (Pty) Ltd with effect from 30 April 2019. In return for the cancellation of the head lease, the company has negotiated the extension of the duration and extent of the lease with the same tenant over storage premises in the retail component of the property, which included a take up of the premises vacated by Jet. The vacancy created in the office tower will enable Castleview to convert the premises to 111 residential apartments. This project was approved by the Board in April 2019 and is estimated for completion by early 2020. 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.

Save for the above and the dividend declared as disclosed in note 26, the directors are not aware of any matters or circumstances arising subsequent to the period-end that require any additional disclosure or adjustment to the consolidated and separate financial statements.

31. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

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 Noland House, River Park, River Lane, Mowbray, Cape Town on Friday, 26 July 2019 at 10:00 ("**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 28 February 2019;
- 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	2019
Record date for purposes of receiving this notice:	Friday, 21 June
Last day to trade in order to be eligible to participate in and vote at the annual general meeting:	Tuesday, 16 July
Record date for purposes of voting at the meeting ("**voting record date**"):	Friday, 19 July
Annual general meeting held at 10:00 on:	Friday, 26 July
Results of annual general meeting released on SENS on:	Friday, 26 July

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: ELECTION OF COLIN PETER DOCKRALL AS A DIRECTOR

"Resolved to elect as a director Mr Colin Dockrall who was appointed by the board of directors in terms of clause 27.4.1.1 of the company's Memorandum of Incorporation on 1 March 2019 and who will cease to hold office at the end of the annual general meeting unless elected at the annual general meeting."

The board of directors has considered Mr Colin Dockrall's performance and contribution to the company since his appointment and recommends that he be elected as a director of the company.

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

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 OF SHAREHOLDERS

2. ORDINARY RESOLUTION NUMBER 2: RE-ELECTION OF GREGORY BAYLY AS A DIRECTOR

Mr Gregory Bayly 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 Gregory Bayly's 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 Gregory Bayly 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.

3. ORDINARY RESOLUTION NUMBER 3: RE-ELECTION OF DAVID GREEN AS A DIRECTOR

Mr David Green 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 David Green's 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 David Green 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.

4. ORDINARY RESOLUTION NUMBERS 4.1 TO 4.3: RE-APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

4.1 Ordinary resolution number 4.1

Re-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, but subject to the passing of ordinary resolution number 2 above, 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.

4.2 Ordinary resolution number 4.2

Re-appointment of Mr Richard Volks 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 Richard Volks 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.

4.3 Ordinary resolution number 4.3

Re-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 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.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

5. ORDINARY RESOLUTION NUMBER 5: 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.

6. ORDINARY RESOLUTION NUMBER 6: 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 3 300 000 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 3 300 000 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;

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.

7. ORDINARY RESOLUTION 7: SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A REINVESTMENT OPTION

"Resolved that, in addition to the authority set out in ordinary resolution number 6 (and irrespective of whether ordinary resolution number 6 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.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

8. 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 2019 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 14 to 15 of the 2019 integrated report of which this notice forms part.

9. 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 2019 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 14 to 15 of the 2019 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.

10. 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.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

11. 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."

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 31.
- Capital structure of the company – page 51 (note 10).

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

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 28 February 2019 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.

12. 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 2019 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	R138 000 per annum
3.2	Member of the board	R138 000 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.

13. ORDINARY RESOLUTION NUMBER 8: 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 7, 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.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

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.

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 10:00 on Wednesday, 24 July 2019 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

14 June 2019

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, 19 July 2019 (the voting record date), at the annual general meeting which will take place at Noland House, River Park, River Lane, Mowbray, Cape Town on Friday, 26 July 2019 at 10:00 (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: Election of Colin Dockrall as director			
Ordinary resolution number 2: Re-election of Gregory Bayly as director			
Ordinary resolution number 3: Re-election of David Green as director			
Ordinary resolution number 4: Re-appointment of the members of the audit and risk committee:			
4.1 Gregg Bayly			
4.2 Richard Volks			
4.3 Avesh Padayachee			
Ordinary resolution number 5: Re-appointment of auditors			
Ordinary resolution number 6: General authority to issue shares for cash			
Ordinary resolution number 7: 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 8: 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 ______________________________ 2019

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, 21 July 2019, 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 12:00 on Wednesday, 24 July 2019, 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

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	28 February
Announcement of annual results	May 2019
Integrated report released	June 2019
Annual general meeting	July 2019
Announcement of interim results	October 2019

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 55240, Sunset Beach, Cape Town, 7435)

Company secretary
Statucor Proprietary Limited
(Registration number 1989/005394/07)
8th 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 522606, Saxonwold, 2132)

Designated advisor
Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
(PO Box 522606, Saxonwold, 2132)

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)
Unit A, 363 Surrey Avenue
Ferndale
Randburg, 2194
(PO Box 2971, Pinegowrie, 2123)

Independent property valuer
Mills Fitchet Magnus Penny Proprietary Limited
(Registration number 1996/004736/07)
Suite 303, 3rd Floor, Newspaper House
122 St. George's Mall,
Cape Town, 8001
(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)
3rd Floor, Absa Towers East
160 Main 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

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 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 Registered Auditors
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)

castleview.co.za