



UNAUDITED CONDENSED
CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE SIX MONTHS
ENDED **31 AUGUST 2019**

DIRECTORS' COMMENTARY

NATURE OF BUSINESS

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

PROPERTY PORTFOLIO

Castlevue's property portfolio consists of one property, namely Pier 14 Shopping Centre in Govan Mbeki Road, Port Elizabeth, which is defined as a small regional shopping centre with 30 514m² of rentable space and is anchored by large national tenants such as Shoprite, Jet, Pep, Ackermans and Mr Price.

STRATEGY

Castlevue intends to invest further in retail properties which are anchored by high quality national tenants on long-term, escalating leases, where opportunities to increase value to shareholders through sound asset management strategies are available and providing investors with exposure to consumers from a cross-section of income categories. Castlevue may also invest in listed property shares in the future.

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COMMENTARY ON RESULTS, DISTRIBUTABLE EARNINGS AND NET ASSET VALUE

Amidst the background of tough economic conditions in South Africa, the portfolio performance during the six months was encouraging. Tenants' turnover at Pier 14 for the six months grew by 3.3% year-on-year, with foot traffic increasing by 2.4%. Vacancies of 12.8% represent an increase since February 2019, but this is substantially due to the cancellation of the head lease over the office tower at Pier 14, which is now being converted into 111 studio apartments, further details of which are below. Excluding this vacancy as a result of the redevelopment project, vacancies were at 4.4% at 31 August 2019.

Distributable earnings for the period equated to 16.71 cents (February 2019: 35.92 cents) per share.

A dividend of 16.71 cents (February 2019: 37.23 cents) per share has been declared.

Castlevue has increased its net asset value per share from R5.08 at 28 February 2019 to R5.12 at August 2019, an increase of 0.8%.

Various asset management initiatives are currently underway at Pier 14 shopping centre, which consist of: (i) the cancellation of the head lease over the 2,679m² office tower and the conversion of the office tower to 111 studio apartments at a total cost of R25,1 million (ii) in return for the head lease cancellation, an existing storage tenant increased its occupied space at the centre from 1,107m² to approximately 2,525m² on a new ten-year lease (iii) the relocation of various existing tenants to accommodate those activities assisting in reducing the vacancies on the first, second and third floors of the centre. These projects, which are all expected to increase the cashflow 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, are all on track and expected to be completed by the company's financial year end in February 2020.

SUMMARY OF FINANCIAL INDICATORS

	31 August 2019	28 February 2019
Shares in issue	33 000 000	33 000 000
Distributable earnings per share (cents)	16.71	35.92
Dividend per share (cents)	16.71	37.23
Net asset value per share* ®	5.12	5.08
Loan-to-value ratio**	46.2%	44.4%
Net property cost-to-income ratio	27.5%	26.2%

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

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

SECTORAL SPLIT, LEASE EXPIRY PROFILE AND VACANCIES

	31 August 2019	
	GLA	Gross rentals
Sectoral split		
Based on:		
Retail	77.2%	88.0%
Office	22.8%	12.0%
Total	100.0%	100.0%
Lease expiry profile		
Based on:		
Vacant	12.8%	12.2%
Feb 2019	0.0%	0.0%
Feb 2020	14.6%	16.5%
Feb 2021	22.2%	21.0%
Feb 2022	16.6%	18.7%
Feb 2023	9.9%	12.7%
> Feb 2023	23.9%	18.9%
Total	100.0%	100.0%

LOAN FUNDING

Facility	Approved loan	Amount outstanding at	Interest rate
	R'm	31 August 2019 R'm	
ABSA Bank	165.0 (Feb 2019: 165.0)	116.6 (Feb 2019: 110.3)	Prime less 1% (9%) (Feb 2019: 9.25%)
Urban Retail Property Investments 1 (URP1)	28.4 (Feb 2019: 28.4)	34.9* (Feb 2019: 33.2)	Prime less 0.25% (9.75%) (Feb 2019: 10.00%)

* Interest on the URP1 loan is capitalised monthly and payable annually in arrears in December, with the first payment being due on 31 December 2018. URP1 elected not to receive the interest due in December 2018 and therefore interest will continue to be capitalised on this facility in the coming financial year.

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

OUTLOOK

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 to February 2020, when compared to the financial year ended February 2019.

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 announcement has not been audited or reviewed by Castlevision's auditors.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2019

	Notes	Unaudited 31 August 2019 R	Unaudited 31 August 2018 R	Audited 28 February 2019 R
ASSETS				
Non-current assets				
Property, plant and equipment		1 132 387	698 661	1 218 296
Investment property	3	313 353 829	312 838 309	309 400 474
Operating lease asset		5 162 259	6 480 635	4 381 230
Deferred Tax		–	429 433	–
Total non-current assets		319 648 475	320 447 038	315 000 000
Current assets				
Trade and other receivables		2 864 874	1 332 086	3 529 488
Cash and cash equivalents	4	6 136 972	5 508 239	3 675 738
Total current assets		9 001 846	6 840 325	7 205 226
Total assets		328 650 321	327 287 363	322 205 226
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of parent				
Share capital		165 000 000	165 000 000	165 000 000
Accumulated profit		3 910 954	8 376 056	2 611 664
		168 910 954	173 376 056	167 611 664
Non-controlling interest		183 966	198 100	182 658
Total equity		169 094 920	173 574 156	167 794 322
Liabilities				
Non-current liabilities				
Other financial liabilities	5	116 602 657	113 419 107	110 302 437
Loan from parent company		34 386 160	28 419 384	32 679 312
Total non-current liabilities		150 988 817	141 838 491	142 981 749
Current liabilities				
Trade and other payables		8 040 723	6 334 426	9 211 787
Loan from parent company		525 861	3 209 625	530 370
Current tax payable		–	2 330 665	1 686 998
Total current liabilities		8 566 584	11 874 716	11 429 155
Total liabilities		159 555 401	153 713 207	154 410 904
Total equity and liabilities		328 650 321	327 287 363	322 205 226

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 AUGUST 2019

	Notes	Unaudited six months ended 31 August 2019 R	Unaudited six months ended 31 August 2018 R	Audited 12 months ended 28 February 2019 R
Revenue		21 087 512	21 386 780	39 985 959
Other income		135 218	–	–
Operating expenses		(7 947 393)	(8 409 282)	(15 796 994)
Operating profit		13 275 337	12 977 498	24 188 965
Fair value (loss) gain	3	(184 860)	4 147 467	709 632
Investment income		45 610	527 553	567 462
Finance costs		(7 104 176)	(7 592 981)	(14 857 214)
Profit before taxation		6 031 911	10 059 537	10 608 845
Taxation		1 686 998	–	(442 630)
Profit and total comprehensive income for the period		7 718 909	10 059 537	10 166 215
Total profit and comprehensive income attributable to:				
Owners of the parent		7 711 190	10 048 097	10 157 461
Non-controlling interest		7 719	11 440	8 754
		7 718 909	10 059 537	10 166 215
Earnings per share information (cents per share)				
Basic and diluted earnings per share	6	23.37	30.45	30.78

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 AUGUST 2019

	Share capital R	Accumulated profit/(loss) R	Total attributable to equity holders of the group R	Non- controlling interest R	Total equity R
Balance at 1 March 2018	165 000 000	3 845 546	168 845 546	186 660	169 032 206
Dividends paid	–	(5 517 587)	(5 517 587)	–	(5 517 587)
	–	10 048 097	10 048 097	11 440	10 059 537
Balance at 31 August 2018	165 000 000	8 376 056	173 376 056	198 100	173 574 156
Dividend paid	–	(5 873 756)	(5 873 756)	(12 756)	(5 886 512)
Profit and total comprehensive income for the period	–	109 365	109 365	8 754	118 119
Balance at 28 February 2019	165 000 000	2 611 664	167 611 664	182 658	167 794 322
Dividends paid	–	(6 411 900)	(6 411 900)	(6 411)	(6 418 311)
Profit and total comprehensive income for the period	–	7 711 190	7 711 190	7 719	7 718 909
Balance at 31 August 2019	165 000 000	3 910 954	168 910 954	183 966	169 094 920

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2019

	Unaudited 6 months ended 31 August 2019 R	6 months ended 31 August 2018 R	Audited 12 months ended 28 February 2019 R
Cash flows from operating activities			
Cash generated from operations	12 146 317	11 139 998	24 344 538
Interest received	45 610	527 553	567 462
Interest paid	(5 480 798)	(5 938 268)	(10 734 061)
Net cash from operating activities	6 711 129	5 729 283	14 177 939
Cash flows from investing activities			
Additions to investment property	(4 138 215)	–	–
Purchase of property, plant and equipment		–	(626 963)
Net cash from investing activities	(4 138 215)	–	(626 963)
Cash flows from financing activities			
Dividends paid	(6 411 900)	(5 517 587)	(11 391 343)
Repayment of other financial liabilities	–	(50 985 189)	(54 765 627)
Other financial liabilities raised	6 300 220	–	–
Net cash from financing activities	(111 680)	(56 502 776)	(66 156 970)
Total cash movement for the period	2 461 234	(50 773 493)	(52 605 994)
Total cash and cash equivalents at the beginning of the period	3 675 738	56 281 732	56 281 732
Total cash and cash equivalents at the end of the period	6 136 972	5 508 239	3 675 738

SIGNIFICANT FINANCIAL STATEMENT NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2019 ("interim report") are prepared in accordance with the requirements of the JSE Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The interim report has been prepared in accordance with IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the unaudited condensed consolidated interim financial statements are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the preparation of the previous year's consolidated annual financial statements.

These results have been prepared under the historical cost convention, except for investment properties, which are measured at fair value. These condensed consolidated interim financial statements for the period ended 31 August 2019 have not been reviewed or audited by the company's independent external auditors.

1.1 Measurement of fair value – Investment property

At the interim reporting stage, the properties are valued internally by the directors.

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

1.2 General

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

A dividend of 19.43 cents was declared on 3 May 2019 and paid on 18 June 2019. The board has approved and notice is hereby given of the final gross dividend of 16.71000 cents per share for the six months ended 31 August 2019 (the "dividend"). The board has proposed a further dividend of 18.26000 cents per share as a result of excess cash being available in Castlevue (the "further dividend"). Accordingly, a higher than anticipated overall dividend per share will be payable to shareholders. Shareholders should not expect such dividend to recur in the future. The board intends to provide shareholders with an election to reinvest the further dividend in return for Castlevue shares (the "dividend reinvestment alternative"). Further details regarding the further dividend and the dividend reinvestment alternative will be released on SENS in due course. Please see note 8 for further details.

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

SIGNIFICANT FINANCIAL STATEMENT NOTES

2. SEGMENT ANALYSIS

Segment information

At 31 August 2019, the group is organised into one main operating segment:

- Mixed use

31 August 2019	Mixed use R	Admin and corporate costs R	Total R
Revenue	21 087 512	–	21 087 512
Other income	135 218	–	135 218
Property operating expenses	(5 793 800)	–	(5 793 800)
Administrative expenses	–	(2 153 593)	(2 153 593)
Operating profit/(loss)	15 428 930	(2 153 593)	13 275 337
Fair value loss	(184 860)	–	(184 860)
Investment income	39 735	5 875	45 610
Finance costs	(5 401 731)	(1 702 445)	(7 104 176)
Profit/(loss) before taxation	9 882 074	(3 850 163)	6 031 911
Taxation	1 686 998	–	1 686 998
Profit/(loss) for the period	11 569 072	(3 850 163)	7 718 909
Non-controlling interest	(7 719)	–	(7 719)
Profit/(loss) attributable to owners of the parent	11 561 353	(3 850 163)	7 711 190
Reconciliation of profit for the period to distributable income:			
Fair value loss			184 860
Total non-controlling interest effects of adjustments			(185)
Headline earnings			7 895 865
Lease straight-lining adjustment			(781 028)
Depreciation			85 908
Deferred tax movement			(1 686 998)
Total non-controlling interest effects of adjustments			695
Distributable income			5 514 442

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.

SIGNIFICANT FINANCIAL STATEMENT NOTES

2. SEGMENT ANALYSIS (continued)

Segment information (continued)

	Mixed use	Admin and corporate costs	Total
31 August 2019	R	R	R
Property, plant and equipment	1 132 387	–	1 132 387
Investment property	313 353 829	–	313 353 829
Operating lease asset	5 162 259	–	5 162 259
Trade and other receivables	2 560 112	304 762	2 864 874
Cash and cash equivalents	5 431 620	705 352	6 136 972
Total assets	327 640 207	1 010 114	328 650 321

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.

	Mixed use	Admin and corporate costs	Total
31 August 2019	R	R	R
Other financial liabilities	116 602 657	–	116 602 657
Loan from parent company	–	34 912 021	34 912 021
Trade and other payables	7 978 669	62 053	8 040 722
Current tax payable	–	–	–
Total liabilities	124 581 327	34 974 074	159 555 401

SIGNIFICANT FINANCIAL STATEMENT NOTES

2. SEGMENT ANALYSIS (continued)

Segment information (continued)

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

- Mixed use

31 August 2018	Mixed use R	Admin and corporate costs R	Total R
Revenue	21 386 780	–	21 386 780
Property operating expenses	(6 970 500)	–	(6 970 500)
Administrative expenses	–	(1 438 782)	(1 438 782)
Operating profit/(loss)	14 416 280	(1 438 782)	12 977 498
Gain on fair value adjustment	4 147 467	–	4 147 467
Investment income	259 029	268 524	527 553
Finance costs	(6 065 142)	(1 527 839)	(7 592 981)
Profit/(loss) before taxation	12 757 634	(2 698 097)	10 059 537
Taxation	–	–	–
Profit/(loss) for the period	12 757 634	(2 698 097)	10 059 537
Non-controlling interest	(11 440)	–	(11 440)
Profit/(loss) attributable to owners of the parent	12 746 194	(2 698 097)	10 048 097
Reconciliation of profit for the period to distributable income:			
Gain on fair value adjustment			(4 147 467)
Headline earnings			5 900 630
Lease straight-lining adjustment			(327 671)
Listing expenses			27 075
Depreciation			273 723
Distributable income			5 873 757

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

SIGNIFICANT FINANCIAL STATEMENT NOTES

2. SEGMENT ANALYSIS (continued)

Segment information (continued)

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

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

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

SIGNIFICANT FINANCIAL STATEMENT NOTES

2. SEGMENT ANALYSIS (continued)

Segment information (continued)

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

- Mixed use

28 February 2019	Mixed use R	Admin and corporate costs R	Total R
Revenue	39 985 959	–	39 985 959
Property operating expenses	(14 358 334)	–	(14 358 334)
Administrative expenses	–	(1 438 660)	(1 438 660)
Operating profit/(loss)	25 627 625	(1 438 660)	24 188 965
Gain on fair value adjustment	709 632	–	709 632
Investment income	567 462	–	567 462
Finance costs	(11 748 706)	(3 108 508)	(14 857 214)
Profit/(loss) before taxation	15 156 013	(4 547 168)	10 608 845
Taxation	(442 630)	–	(442 630)
Profit/(loss) for the period	14 713 383	(4 547 168)	10 166 215
Non-controlling interest	(8 754)	–	(8 754)
Profit/(loss) attributable to owners of the parent	14 704 629	(4 547 168)	10 157 461
Reconciliation of profit for the period to distributable income:			
Gain on fair value adjustment			(709 632)
Total non-controlling interest effects of adjustments			710
Headline earnings			9 448 539
Lease straight-lining adjustment			1 771 734
Depreciation			193 241
Deferred tax movement			442 629
Total non-controlling interest effects of adjustments			(2 408)
Distributable income			11 853 735

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.

SIGNIFICANT FINANCIAL STATEMENT NOTES

2. SEGMENT ANALYSIS (continued)

Segment information (continued)

28 February 2019	Mixed use	Admin and corporate costs R	Total R
Property, plant and equipment	1 218 296	–	1 218 296
Investment property	309 400 474	–	309 400 474
Operating lease asset	4 381 230	–	4 381 230
Trade and other receivables	3 244 488	285 000	3 529 488
Cash and cash equivalents	3 417 168	258 570	3 675 738
Total assets	321 661 656	543 570	322 205 226

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

28 February 2019	Mixed use R	Admin and corporate costs R	Total R
Other financial liabilities	110 302 437	–	110 302 437
Loan from parent company	–	33 209 682	33 209 682
Trade and other payables	9 176 531	35 256	9 211 787
Current tax payable	1 686 998	–	1 686 998
Total liabilities	121 165 966	33 244 938	154 410 904

3. INVESTMENT PROPERTY

Group	Unaudited 31 August 2019 Carrying value R	Unaudited 31 August 2018 Carrying value R	Audited 28 February 2019 Carrying value R
Investment property at fair value	313 353 829	312 838 309	309 400 474
Reconciliation of investment property			
Opening balance	309 400 474	308 690 842	308 690 842
Additional costs capitalised	4 138 215	–	–
Fair value adjustment	(184 860)	4 147 467	709 632
Investment property valuation at year end	313 353 829	312 838 309	309 400 474
Operating lease asset	5 162 259	6 480 635	4 381 230
Recognised in property, plant and equipment	1 132 387	681 056	1 218 296
Directors' valuation	319 648 475	320 000 000	315 000 000

SIGNIFICANT FINANCIAL STATEMENT NOTES

3. INVESTMENT PROPERTY (continued)

Details of property

Pier 14 shopping centre

A retail shopping centre located in Port Elizabeth

Details of valuation

At the interim reporting stage, the properties are valued internally by directors.

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

- Discount rate 15.00%
- Market cap rate 9.69%
- Expense growth rate 7.00%
- Income growth rate 6.00%
- Discounted cash flow term 10 years

Inter-relationship between key unobservable inputs and fair value measurements

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

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

	Unaudited 31 August 2019 R	Unaudited 31 August 2018 R	Audited 28 February 2019 R
Amounts recognised in profit and loss for the period			
Rental income from investment property	21 087 512	21 386 780	39 985 959
Direct operating expenses from rental generating property	(5 793 800)	(5 983 491)	(14 358 334)
	15 293 712	15 403 289	25 627 625

Pledged as security

Mortgage bonds have been registered over the entire investment property as security for the interest-bearing liabilities.

Refer note 5.

SIGNIFICANT FINANCIAL STATEMENT NOTES

4. CASH AND CASH EQUIVALENTS

Material movements in cash and cash equivalents include a dividend payment of R6.4 million relating to the 28 February 2019 financial year.

Funds totalling R4.1 million were drawn down from the available ABSA facility for the residential conversion project during the August 2019 interim period.

5. OTHER FINANCIAL LIABILITIES

	Unaudited 31 August 2019 R	Unaudited 31 August 2018 R	Audited 28 February 2019 R
Held at amortised cost			
Mortgage bond, ABSA Bank	116 602 657	113 419 107	110 302 437

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

The investment property serves as security for the interest bearing mortgage bond. Refer note 3.

6. PER SHARE INFORMATION

	Unaudited 31 August 2019 R	Unaudited 31 August 2018 R	Audited 28 February 2019 R
Profit attributable to shareholders	7 711 190	10 048 097	10 157 461
Fair value loss (gain)	184 860	(4 147 467)	(709 632)
Total non-controlling interest effects of adjustments	(185)	–	710
Headline earnings	7 895 865	5 900 630	9 448 539
Lease straight-lining adjustment	(781 028)	(327 671)	1 771 734
Listing expenses	–	27 075	–
Depreciation	85 908	273 723	193 241
Deferred tax movement	(1 686 998)	–	442 629
Total non-controlling interest effects of adjustments	695	–	(2 408)
Distributable income	5 516 129	5 873 757	11 853 735
Number of shares in issue	33 000 000	33 000 000	33 000 000
Weighted average number of ordinary shares in issue	33 000 000	33 000 000	33 000 000
Earnings per share (c)	23.37	30.45	30.78
Headline earnings per share (c)	23.93	17.88	28.63
Distributable earnings per share (c) *	16.71	17.80	35.92
Net asset value per share (c) **	511.85	525.38	507.91
Distribution per share (c)	16.71	17.80	37.23

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

* Distributable earnings per share is calculated by dividing the distributable earnings calculated by the total number of shares in issue at period end. Distributable earnings is calculated in compliance with the recommendations of best practice from the SA REIT Association, and exclude all those items that are traditionally not distributed, such as capital profits/losses from the disposal of investment property and fair value adjustments.

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

SIGNIFICANT FINANCIAL STATEMENT NOTES

7. RELATED PARTIES

	Unaudited 31 August 2019 R	Unaudited 31 August 2018 R	Audited 28 February 2019 R
Relationship			
Parent company: Urban Retail Property Investments 1 (Pty) Ltd			
Companies under common directorships: Castlevue Asset Managers (Pty) Ltd			
Loan account owing to parent company			
Urban Retail Property Investments 1 (Pty) Ltd	(34 912 021)	(31 629 009)	(33 209 682)
This four-year loan facility is due and payable in full on 31 December 2021. This loan bears interest at SA Prime less 0.25% and is unsecured. Interest on this facility is capitalised to the loan for the duration of the loan and is repayable annually in arrears on 31 December each year.			
Other receivables owing by companies under common directorships			
Castlevue Asset Managers (Pty) Ltd	158 272	285 000	419 563
Interest capitalised on loan owing to parent company			
Urban Retail Property Investments 1 (Pty) Ltd	3 283 012	1 527 834	3 097 985
Asset management fees paid to companies under common directorships			
Castlevue Asset Managers (Pty) Ltd	774 201	901 096	1 718 321
Compensation to directors and other key management			
Short-term employee benefits	276 000	240 000	480 000

8. PAYMENT OF DIVIDEND

A dividend of 19.43 cents was declared on 03 May 2019 and paid on 18 June 2019. The board has approved and notice is hereby given of the final gross dividend of 16.71000 cents per share for the six months ended 31 August 2019 (the "dividend"). The board has proposed a further dividend of 18.26000 cents per share as a result of excess cash being available in Castlevue (the "further dividend"). Accordingly, a higher than anticipated overall dividend per share will be payable to shareholders. Shareholders should not expect such dividend to recur in the future. The board intends to provide shareholders with an election to reinvest the further dividend in return for Castlevue shares (the "dividend reinvestment alternative"). Further details regarding the further dividend and the dividend reinvestment alternative will be released on SENS in due course.

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

Last date to trade cum dividend:	Tuesday, 19 November 2019
Shares trade ex dividend:	Wednesday, 20 November 2019
Record date:	Friday, 22 November 2019
Payment date:	Monday, 25 November 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 November 2019 and Friday, 22 November 2019, both days inclusive.

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

SIGNIFICANT FINANCIAL STATEMENT NOTES

8. PAYMENT OF DIVIDEND (continued)

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

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

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend, which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Dividends received by non-residents from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 13.36800 cents per share. A reduced dividend withholding rate, in terms of the applicable DTA, may only be relied upon if the non-resident shareholder has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

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

The dividend will be transferred to dematerialised shareholders' CSDP/broker accounts on Monday, 25 November 2019. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on, or about, Monday, 25 November 2019.

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

Castlevew's income tax reference number: 9366916188.

By order of the board

James Templeton
Chief executive officer

Colin Dockrall
Financial director

Cape Town
5 November 2019

CORPORATE INFORMATION

CASTLEVIEW PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa) (Registration number 2017/290413/06)

JSE share code: CVW ISIN: ZAE000251633

(Approved as a REIT by JSE)

("Castleview" or "the Company" or "the group")

Directors

JWA Templeton, C Dockrall, RG Volks, GC Bayly, DJ Green, A Padayachee

Registered office

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PO Box 7145, Milnerton, 7435

Website

www.castleview.co.za

Company secretary

Statucor

Transfer secretary

Link Market Services

Designated advisor

Java Capital

