



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

DIRECTORS' COMMENTARY

NATURE OF BUSINESS

Castlevision is a property holding and investment company that is invested in two well-located shopping centres, the first a small regional shopping centre in Gqeberha (Port Elizabeth), the second, a convenience centre in Goodwood, Cape Town.

PROPERTY PORTFOLIO

Castlevision's property portfolio consists of two properties, namely: Pier 14 Shopping Centre in Govan Mbeki Road, Gqeberha (Port Elizabeth), which is defined as a small regional shopping centre with 29 690m² of rentable space and is anchored by large national tenants such as Shoprite, Pep, Ackermans and Mr Price, and, secondly, Cravenby Shoprite, which is a convenience shopping centre of 3,301m², located in Goodwood, Cape Town, anchor tenanted by Shoprite.

COMMENTARY ON RESULTS, DISTRIBUTABLE EARNINGS AND NET ASSET VALUE

The six-month period under review was entirely impacted by the COVID-19 pandemic: beginning on Alert Level 1 in March 2021, back up to Alert Level 3 in June and up to Level 4 at the end of June as the third-wave gripped the country, moving back down to Alert level 3 at the end of July. Although conditions remained tough, they were easier to deal with when compared to the lockdowns in the April, May and June of 2020, as the government learnt which restrictions worked best and the national vaccination rate began to increase.

Turnover of tenants at Pier 14 for the six months increased by 27% year-on-year (-14,1% for the twelve months to February 2021), with foot traffic increasing by 34.2%, implying a decrease in basket size per shopper of 5.4%. This compares well with anecdotal evidence from the severe lockdowns in 2020, when shoppers visited shopping centres less, but bought more produce, while shopping habits returned closer to normality in 2021, with more frequent visits and smaller basket sizes.

Total vacancies at Pier 14 continued to reduce during the period, moving from 9.2% in February 2021 to 6.5% by end-August 2021. Retail vacancies decreased from 8.6% to 5.2%, offices increased marginally from 14.0% to 15.4% and vacancies in the residential tower decreased from 6.7% to 2.8% - the result of an excellent focused leasing strategy from the property and asset management teams. During the period Castlevision did not give any rental discounts to tenants at Pier 14.

Cravenby Shoprite transferred to the fund on 19 May 2021, with this property's net income and associated interest costs therefore being included in Castlevision's results for approximately three and a half months of the period under review. Cravenby Shoprite is fully occupied.

Following the lower rental concessions and deferrals, increased occupancies and escalating rental income described above, revenue for the period at R27,9m was meaningfully (32.9%) higher than the comparable period of R21,0m, handily outpacing the increase in operating costs of 13.6% from R12,0m to R13,6m.

As a result of Castlevision's debt being substantially unhedged during the previous financial period and the prime interest rate reducing from 9,75% to 7%, finance costs reduced by 9.5% from R6,5m to R5,8m in the comparable period, benefiting the company meaningfully.

Taking into the consideration the gain on fair value adjustment attributable to the investment property of R8,5m and a small fair value loss on interest rate derivatives, the profit attributable to shareholders for the year was R16,2m, compared to a R17,7m loss in the same period last year.

SA REIT Funds from operations for the six-month period equated to R8,05m or 21.52 cents per share (12-months to Feb 2021: R9,38m or 26.60 cents).

Pier 14's valuation increased from R317.0m to R325.3m during the period following the improvement in trading conditions as a result of less severe lockdowns in 2021, while Cravenby Shoprite was valued at cost (including transaction costs) of R42.4m at the end of the period. As a result the company's net asset value per share has increased once again from 437 cents to 454 cents.

The Castlevision board has resolved, for the foreseeable future, to declare dividends to shareholders on an annual basis after the publication of February year-end results in May, rather than six-monthly. Therefore no dividend will be payable with the announcement of these interim results.

Distributable earnings for the period equated to 21.52 cents (Feb 2021: 26.60 cents).

Castlevision has increased its net asset value per share from R4.37 at 28 February 2021 to R4.54 at period-end, a increase of 4.1% during the six-month period.

DIRECTORS' COMMENTARY (continued)

SUMMARY OF FINANCIAL INDICATORS

	31 August 2021	28 February 2021
Shares in issue	37 411 169	37 411 169
SA REIT funds from operations per share (cents)**	21.52	21.52
Net asset value per share* (cents)	454.44	454.44
SA REIT Loan-to-value ratio**	52.7%	52.7%
SA REIT cost-to-income ratio****	37.11%	37.11%

* 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.

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

**** SA REIT funds from operations per share is calculated by dividing the SA REIT funds from operations by the number of shares outstanding at the end of the period (net of treasury shares).

**** SA REIT cost-to-income ratio is calculated by dividing total direct operating costs by the gross contractual revenue.

SECTORAL SPLIT, LEASE EXPIRY PROFILE AND VACANCIES

	31 August 2021		28 February 2021	
	GLA	Gross rentals	GLA	Gross rentals
Sectoral split				
Based on:				
Retail	80.4%	82.6%	78.2%	80.0%
Office	12.5%	9.0%	13.9%	10.2%
Residential	7.1%	8.4%	7.9%	9.8%
Total	100.0%	100.0%	100.0%	100.0%
Lease expiry profile				
Based on:				
Vacant	5.7%	4.8%	9.2%	8.0%
Month-to-month	1.1%	0.7%	3.7%	3.5%
Feb 2022	11.5%	13.5%	25.0%	29.4%
Feb 2023	18.4%	23.5%	16.0%	19.8%
Feb 2024	11.5%	13.2%	10.8%	12.1%
> Feb 2024	51.8%	44.3%	35.3%	27.2%
Total	100.0%	100.0%	100.0%	100.0%

LOAN FUNDING

Facility	Approved Loan R'm	Amount drawn down at 31 August 2021 R'm	Interest rate
ABSA Bank	205.0 (Feb 2021: 165.0)	190.0 (Feb 2021: 157.0)	3m JIBAR (currently 3.44%) plus 2.25%
Urban Retail Property Investments 1 (URP1)	28.4 (Feb 2021: 28.4)	10.04* (Feb 2021: 9.4)	Prime less 0.25% (6.75%) (Feb 2021: 9.5%)

* Interest on this facility is capitalised to the loan for the duration of the loan.

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

During the financial year ended 28 February 2021, the Fund entered into interest rate swap agreements with ABSA Bank, such that R123.75m of the ABSA Bank Pier 14 loan has been effectively fixed in two tranches expiring in April 2024 and April 2025 at a weighted all-in rate of 6.98%. The ABSA Cravenby Shoprite loan is a floating rate facility which has not been fixed via interest rate swap agreements.

Castlevision executives have engaged with URP1 regarding the renewal of the shareholder loan which stood at R10.04m at the end of August 2021. Based on this interaction, the Board fully expects this loan to be renewed at its expiry later in 2021.

OUTLOOK

Castlevision 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. Barring any further significant increase in the level of Covid-19 infections in South Africa and a resultant increase in the level of lockdown from the current Alert Level 1, it is expected that distributable income per share is expected to grow in the 12-months to 28 February 2022 when compared to distributable income per share for the 12-months to 28 February 2021. This forecast is the responsibility of the directors of Castlevision and has not been reviewed or reported on by the company's external auditors.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2021

	Notes	Unaudited 31 August 2021 R	Unaudited 31 August 2020 R	Audited 28 February 2021 R
ASSETS				
Non-current assets				
Investment property	3	360 726 990	319 523 718	310 560 482
Derivatives		1 122 657		1 967 663
Operating lease asset		6 492 668	6 176 282	6 058 155
Total non-current assets		368 342 315	325 700 000	318 586 300
Current assets				
Trade and other receivables		4 820 509	3 343 044	4 508 626
Operating lease asset		440 104	–	429 368
Cash and cash equivalents		7 050 035	5 467 680	1 803 341
Total current assets		12 310 648	8 810 724	6 741 335
Total assets		380 652 963	334 510 724	325 327 635
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of parent				
Share capital		185 948 148	176 567 759	176 567 759
Accumulated (loss) profit		(15 935 453)	(18 224 309)	(22 726 375)
		170 012 695	158 343 450	153 841 384
Non-controlling interest		–	187 901	158 670
Total equity		170 012 695	158 531 351	154 000 054
Liabilities				
Non-current liabilities				
Mortgage bond	4	190 854 042	–	–
Loan from parent company		–	9 361 725	–
Total non-current liabilities		190 854 042	9 361 725	–
Current liabilities				
Trade and other payables		9 738 450	9 393 557	7 546 114
Loan from parent company		10 047 776	–	9 703 640
Mortgage bond	4	–	157 224 091	154 077 827
Total current liabilities		19 786 226	166 617 648	171 327 581
Total liabilities		210 640 268	175 979 373	171 327 581
Total equity and liabilities		380 652 963	334 510 724	325 327 635

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 AUGUST 2021

	Notes	Unaudited six months ended 31 August 2021 R	Unaudited six months ended 31 August 2020 R	Audited 12 months ended 28 February 2021 R
Revenue		27 903 754	21 042 191	49 611 519
Other income		–	–	–
Operating expenses		(13 580 882)	(11 953 389)	(27 787 794)
Operating profit		14 322 872	9 088 802	21 823 725
Gain (loss) on fair value adjustment	3	8 521 217	(20 403 732)	(33 414 282)
Investment income		16 080	24 600	27 452
(Loss) gain on interest rate swap		(845 006)	–	1 967 663
Finance costs		(5 843 852)	(6 453 345)	(12 674 578)
(Loss)/profit before taxation		16 171 311	(17 743 675)	(22 270 020)
Taxation		–	–	–
(Loss)/profit and total comprehensive (loss)/income for the period		16 171 311	(17 743 675)	(22 270 020)
Total profit and comprehensive income attributable to:				
Owners of the parent		16 171 311	(17 747 287)	(22 249 352)
Non-controlling interest		–	3 612	(20 668)
		16 171 311	(17 743 675)	(22 270 020)
Earnings per share information (cents per share)				
Basic and diluted earnings per share	5	44.75	(51.39)	(63.82)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 AUGUST 2021

	Share capital R	Accumulated profit/(loss) R	Total attributable to equity holders of the group R	Non- controlling interest R	Total equity R
Audited					
Balance at 1 March 2020	171 025 800	5 064 936	176 090 736	189 831	176 280 567
Issue of shares	5 541 959	–	5 541 959	–	5 541 959
Dividends paid	–	(5 541 959)	(5 541 959)	(10 493)	(5 552 452)
Profit and total comprehensive loss for the period	–	(22 249 352)	(22 249 352)	(20 668)	(22 270 020)
Unaudited					
Balance at 1 March 2021	176 567 759	(22 726 375)	153 841 384	158 670	154 000 054
Issue of shares	9 380 389	–	9 380 389	–	9 380 389
Share buy-back	–	–	–	(137 982)	(137 982)
Dividends paid	–	(9 380 389)	(9 380 389)	(20 688)	(9 401 077)
Total comprehensive profit for the period	–	16 171 311	16 171 311	–	16 171 311
Balance at 31 August 2021	185 948 148	(15 935 453)	170 012 695	–	170 012 695

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2021

	Unaudited 6 months ended 31 August 2021 R	Unaudited 6 months ended 31 August 2020 R	Audited 12 months ended 28 February 2021 R
Cash flows from operating activities			
Cash generated from operations	18 795 566	9 213 451	18 538 194
Interest received	16 080	24 600	27 452
Interest paid	(5 499 716)	(5 517 220)	(6 169 008)
Net cash from operating activities	13 311 930	3 720 831	12 396 638
Cash flows from investing activities			
Additions to investment property	(41 645 293)	(1 128 773)	(5 176 087)
Net cash from investing activities	(41 645 293)	(1 128 773)	(5 176 087)
Cash flows from financing activities			
Dividends paid	–	–	–
Proceeds from mortgage bond	50 273 993	27 328 093	36 695 000
Repayment of mortgage bond	(16 693 936)	(28 000 000)	(17 659 740)
Repayment of loan from parent company			(28 000 000)
Net cash from financing activities	33 580 057	(671 907)	(8 964 740)
Total cash movement for the period	5 246 694	1 920 151	(1 744 189)
Total cash and cash equivalents at the beginning of the period	1 803 341	3 547 529	3 547 530
Total cash and cash equivalents at the end of the period	7 050 035	5 467 680	1 803 341

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 2021 ("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 2021 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 Derivatives

Derivative assets comprising interest rate swaps are classified at fair value through profit or loss.

1.3 General

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

A dividend of 26.60000 cents was declared on 25 May 2021 and paid on 18 June 2021. The board has resolved not to declare an interim distribution for the 6 months ended 31 August 2021.

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

2. SEGMENT ANALYSIS

Segment information

At 31 August 2021, the group is organised into two operating segments, being retail and residential.

Unaudited 31 August 2021	Retail R	Residential R	Administration/ other * R	Total R
Revenue	25 753 759	2 149 995	–	27 903 754
Property operating expenses	(9 960 691)	(394 001)	–	(10 354 692)
Administrative expenses	–	–	(3 226 190)	(3 226 190)
Operating profit/(loss)	15 793 068	1 755 994	(3 226 190)	14 322 872
Investment income	–	–	16 080	16 080
Gain on fair value adjustment	8 521 217	–	–	8 521 217
Finance costs	–	–	(5 843 852)	(5 843 852)
Loss on interest rate swap	–	–	(845 006)	(845 006)
(Loss)/profit before taxation	24 314 285	1 755 994	(9 898 968)	16 171 311
Taxation	–	–	–	–
(Loss)/profit for the year	24 314 285	1 755 994	(9 898 968)	16 171 311
Non-controlling interest	–	–	–	–
(Loss)/profit attributable to owners of the parent	24 314 285	1 755 994	(9 898 968)	16 171 311
Reconciliation of profit for the year to distributable income:				
Gain on fair value adjustment				(8 521 217)
Total non-controlling interest effects of adjustments				–
Headline earnings				7 650 094
Lease straight-lining adjustment				(445 247)
Loss on interest rate swap				845 006
Total non-controlling interest effect of adjustments				–
SA REIT funds from operations				8 049 853

* Administration and other costs includes expenses and investment income that cannot be allocated specifically to the operating segments.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

2. SEGMENT ANALYSIS (CONTINUED)

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 on the operations of the segment.

Unaudited 31 August 2021	Retail R	Residential R	Administration/ other* R	Total R
Investment property	331 157 423	29 569 567	–	360 726 990
Operating lease asset	6 932 772	–	–	6 932 772
Derivatives	–	–	1 122 657	1 122 657
Trade and other receivables	4 515 747	–	304 762	4 820 509
Cash and cash equivalents	–	–	7 050 035	7 050 035
	342 605 942	29 569 567	8 477 454	380 652 963

* Administration and other costs includes assets that cannot be allocated specifically to the operating segments.

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 on the operations of the segment.

Unaudited 31 August 2021	Retail R	Residential R	Administration/ other* R	Total R
Mortgage bond	–	–	190 854 042	190 854 042
Loan from parent company	–	–	10 047 776	10 047 776
Trade and other payables	9 738 450	–	–	9 738 450
	9 738 450	–	200 901 818	210 640 268

* Administration and other costs includes liabilities that cannot be allocated specifically to the operating segments.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

2. SEGMENT ANALYSIS (CONTINUED)

Unaudited 31 August 2021	Retail R	Residential R	Administration/ other* R	Total R
Revenue	19 892 192	1 149 999	–	21 042 191
Property operating expenses	(9 399 571)	(243 089)	–	(9 642 660)
Administrative expenses	–	–	(2 310 729)	(2 310 729)
Operating profit/(loss)	10 492 621	906 910	-2 310 729	9 088 802
Investment income	–	–	24 600	24 600
Loss on fair value adjustment	(20 403 732)	–	–	(20 403 732)
Finance costs	–	–	(6 453 345)	(6 453 345)
(Loss)/profit before taxation	(9 911 111)	906 910	(8 739 474)	(17 743 675)
Taxation	–	–	–	–
(Loss)/profit for the year	(9 911 111)	906 910	(8 739 474)	(17 743 675)
Non-controlling interest	–	–	–	(3 612)
(Loss)/profit attributable to owners of the parent				(17 747 287)
Reconciliation of profit for the year to distributable income:				
Loss on fair value adjustment				20 403 732
Total non-controlling interest effects of adjustments				(20 404)
Headline earnings				2 636 041
Lease straight-lining adjustment				525 041
Depreciation				85 914
Total non-controlling interest effect of adjustments				(611)
SA REIT funds from operations				3 246 385

* Administration and other costs includes expenses and investment income that cannot be allocated specifically to the operating segments.

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 on the operations of the segment.

Unaudited 31 August 2021	Retail R	Residential R	Administration/ other* R	Total R
Investment property	293 825 562	25 698 156	–	319 523 718
Operating lease asset	6 176 282	–	–	6 176 282
Derivatives	–	–	–	–
Trade and other receivables	3 038 282	–	304 762	3 343 044
Cash and cash equivalents	–	–	5 467 680	5 467 680
	303 040 126	25 698 156	5 772 442	334 510 724

* Administration and other costs includes assets that cannot be allocated specifically to the operating segments.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

2. SEGMENT ANALYSIS (CONTINUED)

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 on the operations of the segment.

Unaudited 31 August 2021	Retail R	Residential R	Administration/ other* R	Total R
Mortgage bond	–	–	157 224 091	157 224 091
Loan from parent company	–	–	9 361 725	9 361 725
Trade and other payables	9 336 851	–	56 706	9 393 557
	9 336 851	–	166 642 522	175 979 373

* Administration and other costs includes liabilities that cannot be allocated specifically to the operating segments.

Audited 28 February 2021	Retail R	Residential R	Administration/ other* R	Total R
Revenue	46 702 171	2 907 493	1 855	49 611 519
Property operating expenses	(23 356 512)	(641 097)	–	(23 997 609)
Administrative expenses	–	–	(3 790 185)	(3 790 185)
Operating profit/(loss)	23 345 659	2 266 396	(3 788 330)	21 823 725
Investment income	–	–	27 452	27 452
Loss on fair value adjustment	(33 414 282)	–	–	(33 414 282)
Finance costs	–	–	(12 674 578)	(12 674 578)
Gain on interest rate swap	–	–	1 967 663	1 967 663
(Loss)/profit before taxation	(10 068 623)	2 266 396	(14 467 793)	(22 270 020)
Taxation	–	–	–	–
(Loss)/profit for the year	(10 068 623)	2 266 396	(14 467 793)	(22 270 020)
Non-controlling interest	(20 668)	–	–	(20 668)
(Loss)/profit attributable to owners of the parent	(10 047 955)	2 266 396	(14 467 793)	(22 249 352)
Reconciliation of profit for the year to distributable income:				
Loss on fair value adjustment				33 414 282
Total non-controlling interest effects of adjustments				(33 415)
Headline earnings				11 131 515
Lease straight-lining adjustment				213 800
Gain on interest rate swap				(1 967 663)
Total non-controlling interest effect of adjustments				1 754
SA REIT funds from operations				9 379 406

* Administration and other costs includes expenses and investment income that cannot be allocated specifically to the operating segments.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

2. SEGMENT ANALYSIS (CONTINUED)

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 on the operations of the segment.

Audited 28 February 2021	Retail R	Residential R	Administration/ other* R	Total R
Investment property	285 583 207	24 977 275	–	310 560 482
Operating lease asset	6 487 523	–	–	6 487 523
Derivatives	–	–	1 967 663	1 967 663
Trade and other receivables	4 203 864	–	304 762	4 508 626
Cash and cash equivalents	–	–	1 803 341	1 803 341
	296 274 594	24 977 275	4 075 766	325 327 635

* Administration and other costs includes assets that cannot be allocated specifically to the operating segments.

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 on the operations of the segment.

Audited 28 February 2021	Retail R	Residential R	Administration/ other* R	Total R
Mortgage bond	–	–	154 077 827	154 077 827
Loan from parent company	–	–	9 703 640	9 703 640
Trade and other payables	7 388 453	122 405	35 256	7 546 114
	7 388 453	122 405	163 816 723	171 327 581

* Administration and other costs includes liabilities that cannot be allocated specifically to the operating segments.

3. INVESTMENT PROPERTY

Group	Unaudited 31 August 2021 Carrying value R	Unaudited 31 August 2020 Carrying value R	Audited 28 February 2021 Carrying value R
Investment property at fair value	360 726 990	319 523 718	310 560 482
Reconciliation of investment property			
Opening carrying value	310 560 482	338 798 677	338 798 677
Additions	39 985 760		
Improvements	1 659 534	1 128 773	5 176 087
Fair value adjustment	8 521 215	(20 403 732)	(33 414 282)
Investment property valuation at year end	360 726 990	319 523 718	310 560 482
Operating lease asset	6 932 772	6 176 282	6 487 523
Valuation	367 659 762	325 700 000	317 048 005

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

3. INVESTMENT PROPERTY (CONTINUED)

Pledged as security

Mortgage bonds have been registered over the entire investment property as security for the ABSA bond (see note 4).

Details of property

Pier 14 shopping centre

A shopping centre located in Port Elizabeth with a GLA of 29 690m² and a residential lower comprising of 111 apartments.

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 10.23%
- Exit cap rate 10.73%
- Income growth rate 6.00%
- Expense growth rate 6%
- 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);

Cravenby shopping centre

A shopping centre located in Goodwood, Cape Town with a GLA of 3 001m².

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 10.00%
- Exit cap rate 10.50%
- Income growth rate 6.00%
- Expense growth rate 6%
- 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);

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

3. INVESTMENT PROPERTY (CONTINUED)

	Unaudited 31 August 2021 R	Unaudited 31 August 2020 R	Audited 28 February 2021 R
Amounts recognised in profit and loss for the period			
Rental income from investment property	27 903 754	21 042 191	49 609 664
Direct operating expenses from rental generating property	(10 354 692)	(9 642 660)	(23 997 609)
	17 549 062	11 399 531	25 612 055

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value

The levels are defined as follows:

Level 2: Inputs other than quoted prices included within level 1.

Level 3: Unobservable inputs for the assets and liabilities.

	Unaudited 31 August 2021 R	Unaudited 31 August 2020 R	Audited 28 February 2021 R
Level 3			
Recurring fair value adjustments			
Assets			
Investment property			
Pier 14 Shopping Centre (*)	325 305 195	325 700 000	317 048 005
Cravenby Shopping Centre	42 354 567	-	-
Level 2			
Derivatives			
Interest rate swaps	1 122 657	-	1 967 663

* Includes investment property and operating lease asset

Reconciliation of asset and liabilities measure at level 3

	Unaudited 31 August 2021 R	Unaudited 31 August 2020 R	Audited 28 February 2021 R
Investment property			
Opening carrying value	317 048 005	345 500 000	345 500 000
Fair value adjustment	8 521 215	(20 403 732)	(33 414 282)
Movement in operating lease asset	445 249	(525 041)	(213 800)
Additions	39 985 760	-	-
Improvements	1 659 534	1 128 773	5 176 087
	367 659 762	325 700 000	317 048 005

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.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

3. INVESTMENT PROPERTY (CONTINUED)

Valuation sensitivity

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

Unaudited 31 August 2021	Increase (decrease) in valuation R
Sensitivity analyses	
An increase of 100 basis points on the discount rate	(20 956 210)
A decrease of 100 basis points on the discount rate	22 716 410
An increase of 100 basis points on the capitalisation rate	(13 409 770)
A decrease of 100 basis points on the capitalisation rate	16 051 277

Unaudited 31 August 2020	Increase (decrease) in valuation R
Sensitivity analyses	
An increase of 100 basis points on the discount rate	(18 500 000)
A decrease of 100 basis points on the discount rate	20 200 000
An increase of 100 basis points on the capitalisation rate	(10 800 000)
A decrease of 100 basis points on the capitalisation rate	13 000 000

Audited 28 February 2021	Increase (decrease) in valuation R
Sensitivity analyses	
An increase of 100 basis points on the discount rate	(18 284 467)
A decrease of 100 basis points on the discount rate	19 860 731
An increase of 100 basis points on the capitalisation rate	(10 596 555)
A decrease of 100 basis points on the capitalisation rate	12 737 464

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

4. MORTGAGE BOND

	Unaudited 31 August 2021 R	Unaudited 31 August 2020 R	Audited 28 February 2021 R
Held at amortised cost			
Mortgage bonds, ABSA Bank	190 854 042	157 224 091	154 077 827

The ABSA Pier 14 facility of R165m was extended by a further three years to 10 April 2024 at a rate of 3m Jibar plus 2,40% in respect of facility A (R150m), and prime less 1 % for facility B (R15m).

The ABSA Cravenby Shoprite facility, which totals R48,5m and includes R9,25m for the planned future expansion of the centre, commenced in May 2021 at a rate of 3m Jibar plus 2,40%.

As a result of the extension of the ABSA Pier 14 facility, the new ABSA Cravenby Shoprite facility and the negotiations regarding the renewal of the shareholder loan mentioned above, the Board believes that the company's balance sheet is appropriately structured for the foreseeable future.

5. PER SHARE INFORMATION

	Unaudited 31 August 2021 R	Unaudited 31 August 2020 R	Audited 28 February 2021 R
(Loss) profit attributable to shareholders	16 171 311	(17 747 287)	(22 249 352)
Loss (gain) on fair value adjustment	(8 521 217)	20 403 732	33 414 282
Non-controlling interest effects of adjustments	-	(20 404)	(33 415)
Headline earnings	7 650 094	2 636 041	11 131 515
Lease straight-lining adjustment	(445 247)	525 041	213 800
Depreciation	-	85 914	-
(Gain) loss on interest rate swap	845 006		(1 967 663)
Non-controlling interest effects of adjustments	-	(611)	1 754
SA REIT funds from operations	8 049 853	3 246 385	9 379 406
Number of shares in issue	37 411 169	35 264 627	35 264 627
Weighted average number of ordinary shares in issue	36 139 576	34 532 430	34 863 677
Earnings per share (c)	44.75	(51.39)	(63.82)
Headline earnings per share (c)	21.17	7.63	31.93
SA REIT funds from operations per share (c)*	21.52	9.21	26.60
Net asset value per share (c) **	454.44	449	436.70
Distribution per share (c)	-	-	26.60

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

* SA REIT funds from operations per share is calculated by dividing the SA REIT funds from operations by the total number of shares in issue at year end. SA REIT funds from operations 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 year end. Net assets comprise total assets less total liabilities, less equity attributable to non-controlling interest.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

6. RELATED PARTIES

	Unaudited 31 August 2021 R	Unaudited 31 August 2020 R	Audited 28 February 2021 R
Relationship			
Ultimate holding company: Urban Retail Property Investments 1 (Pty) Ltd			
Companies under common directorships: Castlevue Asset Managers (Pty) Ltd			
Loan account owing to parent company			
Ultimate holding company	(10 047 776)	(9 361 725)	(9 703 640)
Other receivables owing by companies under common directorships			
Companies under common directorship	304 762	304 762	158 272
Interest capitalised on loan owing to parent company			
Ultimate holding company	344 136	724 878	1 066 794
Asset management fees paid to companies under common directorships			
Companies under common directorship	924 318	841 093	1 707 052
Compensation to directors and other key management			
Short-term employee benefits	381 747	303 600	538 200

7. PAYMENT OF DIVIDEND

The board has resolved not to declare an interim distribution for the 6 months ended 31 August 2021.

8. EVENTS AFTER REPORTING PERIOD

The board is not aware of any material event that has taken place subsequent to the end of the reporting period.

By order of the board

James Templeton
Chief executive officer

Colin Dockrall
Financial director

Cape Town
3 November 2021

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, GC Bayly,

DJ Green, A Mahomed, A Padayachee

REGISTERED OFFICE

411 The Hills, Buchanan Square, 160 Sir Lowry Road,

Woodstock, 7925

PO Box 55240, Sunset Beach, 7435

WEBSITE

www.castleview.co.za

COMPANY SECRETARY

Statucor

TRANSFER SECRETARY

Link Market Services

DESIGNATED ADVISER

Java Capital

GREYMATTER & FINCH # 14491



castleview.co.za