



PROVISIONAL SUMMARISED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

for the twelve months ended 28 February 2022



CASTLEVIEW
PROPERTY FUND

DIRECTORS' COMMENTARY

NATURE OF BUSINESS

Castleview 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

Castleview'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 and Pep.

COMMENTARY ON RESULTS

Trading Performance:

The reporting period saw significantly improved trading conditions as a result of a national recovery from the Covid-19 induced lockdown in 2020 and 2021, with national retail sales increasing by in excess of 10% over this period according to StatsSA. This benefited the tenants at Pier 14, whose turnover for the twelve months increased by 18.2% year-on-year (-14.1% for the twelve months to February 2021), with foot traffic increasing by 16.1%, implying an increase in basket size per shopper of 1.8%.

Due to a concerted effort by management to lease vacant space and the improvement in trading conditions, total vacancies at Pier 14 reduced further during the period, moving from 9.2% in February 2021 to 6.4% by February 2022. Retail vacancies decreased from 8.6% to 4.8%, offices increased marginally from 14.1% to 14.2%, while vacancies in the residential tower decreased marginally from 6.7% to 6.2%.

Cravenby Shopping Centre transferred to the fund on 19 May 2021, with this property's net income and associated interest costs therefore being included in Castleview's results for approximately nine and a half months of the period under review. Cravenby Shopping Centre has a vacancy of 1.4%, which is expected to be relet on completion of a planned, extension to the centre of 500m² later this year.

SUMMARY OF FINANCIAL INDICATORS

	28 February 2022	28 February 2021
Shares in issue	37 411 169	35 264 627
SA REIT funds from operations per share (cents)***	44.74	26.60
Net asset value per share (cents)*	460.92	436.70
SA REIT Loan-to-value ratio**	50.63%	50.5%
SA REIT cost-to-income ratio****	48.82%	48.4%

* 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 gross interest-bearing borrowings net of cash and cash equivalents and net derivative financial instruments, by the carrying amount of property-related assets.

*** 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 operating costs by the gross rental income for the period.

Financial Performance:

Revenue for the period at R57,6m was meaningfully (+16.1%) higher than the comparable period of R49,6m, due to the purchase of Cravenby Shopping Centre with effect from May 2021, rental discounts granted to tenants in the prior year as well as the higher uptake of residential space in the current year. Notwithstanding the take-on of electricity costs at Pier 14, the year-on-year rise in costs was marginal due to the debt relief given to tenants, which was included in operating costs in the comparative period.

Finance costs reduced marginally from R12,7m to R12,4m due to the sharp reduction in prime interest rates from 9.75% in February 2020 to 7% by July 2020, notwithstanding the increase in the prime interest rate since November 2021.

Taking into the consideration the loss on fair value adjustment attributable to the investment properties of R0,6m and a small fair value gain on interest rate derivatives, the profit attributable to shareholders for the year was R18,6m, compared to a R22,3m loss in the same period last year. SA REIT Funds from operations – which equated to Castleview's distributable earnings – for the twelve-month period equated to R16,74m or 44.74 cents per share (12-months to Feb 2021: R9,38m or 26.60 cents).

Castleview's portfolio valuation increased from R317.0m to R359,8m during the period following the improvement in trading conditions at Pier 14 as a result of less severe lockdowns in 2021 which benefited the centre's valuation, as well as the inclusion of Cravenby Shopping Centre since May 2021. The company's net asset value per share increased from 437 cents to 461 cents.

The Castleview board has declared a distribution for the period of 44.74 cents per share. The board provided shareholders with a share reinvestment alternative in respect of the dividend. The shareholders unanimously elected to reinvest the cash dividend.

DIRECTORS' COMMENTARY (continued)

SECTORAL SPLIT, LEASE EXPIRY PROFILE AND VACANCIES

	28 February 2022		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%	4.6%	9.2%	8.0%
Month-to-month	2.7%	2.4%	3.7%	3.5%
Within 12 months	24.3%	30.1%	25.0%	29.4%
Between 12 and 24 months	11.6%	21.5%	16.0%	19.8%
Greater than 24 months	55.7%	41.4%	46.1%	39.3%
Total	100.0%	100.0%	100.0%	100.0%

LOAN FUNDING

Facility	Property	Approved Loan R'm	Amount drawn down at 28 February 2021 R'm	Interest rate
ABSA Bank	Pier 14	165.0 (Feb 2021: 165.0)	152.5 (Feb 2021: 154.1)	3m JIBAR + 2.4% Prime less 1%
ABSA Bank	Cravenby Shopping Centre	48.4 (Feb 2021: -)	39.2 (Feb 2021: -)	3m JIBAR + 2.4%
Urban Retail Property Investments 1 (URP1)*	Unsecured	- (Feb 2021: 28.4)	- (Feb 2021: 9.7)	Floating Prime - 0.25%

* Interest on this facility was 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. The ABSA Cravenby loan facility is secured by a first mortgage bond and security cessions over the fixed property comprising Cravenby Shopping Centre. The URP1 loan was repaid from proceeds drawn down from the ABSA Bank Pier 14 loan during the reporting period.

PROPERTY ACQUISITION

FEC Prop Proprietary Limited, a 100% owned subsidiary of Castlevue, acquired the property letting enterprise known as Cravenby Shopping Centre for an aggregate purchase consideration of R39 million on 19 May 2021, which was funded by a new debt facility from ABSA Bank.

OUTLOOK

Castlevue 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.

Notwithstanding the Board's expectations of the portfolio's net property income increasing in the coming year, actual and forecast increases in borrowing costs are likely to result in distributable income for the fund declining marginally in the twelve months to February 2023.

This forecast is the responsibility of the directors of Castlevue and has not been reviewed or reported on by the company's external auditors.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2022

	Notes	Reviewed 28 February 2022 R	Audited 28 February 2021 R
ASSETS			
Non-current assets			
Investment property	3	348 385 534	310 560 482
Derivatives	5	3 756 264	1 967 663
Operating lease asset	3	10 024 987	6 058 155
		362 166 785	318 586 300
Current assets			
Trade and other receivables (*)(**)		2 447 819	4 508 626
Operating lease asset	3	1 419 834	429 368
Cash and cash equivalents (*)		5 765 340	1 803 341
		9 632 993	6 741 335
Total assets		371 799 778	325 327 635
EQUITY AND LIABILITIES			
Equity			
Share capital		185 948 148	176 567 759
Accumulated loss		(13 511 552)	(22 726 375)
Non-controlling interest		–	158 670
		172 436 596	154 000 054
Liabilities			
Non-current liabilities			
Mortgage bond	7	191 693 220	–
		191 693 220	–
Current liabilities			
Trade and other payables		7 669 962	7 546 114
Loan from parent company	6	–	9 703 640
Mortgage bond	7	–	154 077 827
		7 669 962	171 327 581
Total liabilities		199 363 182	171 327 581
Total equity and liabilities		371 799 778	325 327 635

(*) During the current year, the rental guarantee receivable of R1.1 million was settled. This is the main reason for the increase in the cash and cash equivalents balance and the reduction in the trade and other receivables balance at the end of the current year.

(**) Trade and other receivables included a deposit of R1 million for Cravenby Shopping Centre in the prior year that was applied against the cost of investment property in the current year.

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	Reviewed TWELVE months ended 28 February 2022 R	Audited TWELVE months ended 28 February 2021 R
Revenue *		57 619 071	49 611 519
Other operating expenses		(27 813 032)	(27 787 794)
Operating profit **		29 806 039	21 823 725
Investment income		28 725	27 452
Finance costs		(12 445 744)	(12 674 578)
Loss on fair value adjustment	4	(582 410)	(33 414 282)
Gain on interest rate swap		1 788 602	1 967 663
Profit / (loss) before taxation		18 595 212	(22 270 020)
Taxation (***)		–	–
Profit / (loss) and total comprehensive Income / (loss) for the year		18 595 212	(22 270 020)
Profit / (loss) and total comprehensive Income / (loss) attributable to:			
Owners of the parent		18 595 212	(22 249 352)
Non-controlling interest		–	(20 668)
		18 595 212	(22 270 020)
Earnings per share information (cents per share)			
Basic and diluted earnings per share	8	50.57	(63.82)

* Revenue is significantly up due to the following reasons:

- The acquisition of Cravenby Shopping Centre, with the centre contributing R3.8m to revenue for the current year;
- Rental discounts were granted to tenants during the lockdown in the prior year which, coupled with lower utility usage, resulted in lower recoveries of these costs in the prior year; and
- The higher uptake of residential space during the current year.

** During the prior year rental discounts to tenants totaling R4,4 million were included in operating costs. This is the main reason for the higher than normal comparable operating expenses figure.

*** No tax provision is raised as the group has distributed 100% of its SA REIT funds from operations during the current year.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Share capital R	Accumulated (loss)/profit 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
Loss and total comprehensive loss for the year	–	(22 249 352)	(22 249 352)	(20 668)	(22 270 020)
Issue of shares	5 541 959	–	5 541 959	–	5 541 959
Dividends	–	(5 541 959)	(5 541 959)	(10 493)	(5 552 452)
Reviewed					
Balance at 1 March 2021	176 567 759	(22 726 375)	153 841 384	158 670	154 000 054
Profit and total comprehensive income for the year	–	18 595 212	18 595 212	–	18 595 212
Issue of shares *	9 380 389	–	9 380 389	–	9 380 389
Reduction of non-controlling interest **	–	–	–	(158 670)	(158 670)
Dividends *	–	(9 380 389)	(9 380 389)	–	(9 380 389)
Balance at 28 February 2022	185 948 148	(13 511 552)	172 436 596	–	172 436 596

* On 25 May 2021, the board provided shareholders with a share reinvestment alternative in respect of the dividend. The shareholders unanimously elected to re-invest the dividend.

** During the current year the group bought back the shares held by the non-controlling interest for a consideration of R171 085.

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Reviewed 12 months ended 28 February 2022 R	Audited 12 months ended 28 February 2021 R
Cash flows from operating activities		
Cash generated from operations	31 105 507	18 538 194
Interest income	28 725	27 452
Finance costs	(12 445 744)	(6 169 008)
Net cash from operating activities	18 688 488	12 396 638
Additions to investment property	(3 713 226)	(5 176 087)
Net cash from investing activities	(3 713 226)	(5 176 087)
Cash flows from financing activities		
Proceeds from mortgage bond	33 866 453	36 695 000
Repayment of mortgage bond	(34 523 496)	(17 659 740)
Repayment of loan from parent company	(10 356 220)	(28 000 000)
Net cash from financing activities	(11 013 263)	(8 964 740)
Total cash movement for the year	3 961 999	(1 744 189)
Total cash and cash equivalents at the beginning of the year	1 803 341	3 547 530
Total cash and cash equivalents at the end of the year	5 765 340	1 803 341

SIGNIFICANT FINANCIAL STATEMENT NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The provisional summarised reviewed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for provisional reports and requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the provisional summarised reviewed consolidated 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 and derivatives, which are measured at fair value. These provisional summarised reviewed consolidated financial statements for the year ended 28 February 2022 have not been audited by the company's independent external auditors.

1.1 General

The summarised reviewed consolidated financial statements were compiled by C.A. Erasmus, an independent compiler.

Total dividends per share for the year amounted to 44.74 cents (2021: 26.60 cents).

These summarised reviewed consolidated financial statements for the year ended 28 February 2022 have been reviewed by Nolands Inc, who expressed an unmodified review conclusion. A copy of their report is available for inspection at the company's registered office together with the annual financial statements identified in the report. The report does not necessarily report on all the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the engagement they should obtain a copy of the review report together with the accompanying financial information from the company's registered office.

The directors take full responsibility for the preparation of these results and confirm that the financial information has been correctly extracted from the underlying financial statements.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

2. SEGMENT ANALYSIS

Segment information

At 28 February 2022, the group is organised into two operating segments, being retail and residential. These are the only reportable segments whose information is considered by the Chief Executive Officer.

Reviewed 28 February 2022	Retail R	Residential R	Administration/ other* R	Total R
Revenue	53 330 287	4 287 538	1 246	57 619 071
Property operating expenses	(22 156 527)	(817 546)	–	(22 974 073)
Administrative expenses	(4 495 393)	(343 566)	–	(4 838 959)
Operating profit	26 678 367	3 126 426	1 246	29 806 039
Investment income	–	–	28 725	28 725
Loss on fair value adjustment	(582 410)	–	–	(582 410)
Finance costs	–	–	(12 445 744)	(12 445 744)
Gain on interest rate swap	–	–	1 788 602	1 788 602
Profit/(loss) before taxation	26 095 957	3 126 426	(10 627 171)	18 595 212
Taxation	–	–	–	–
Profit/(loss) for the year	26 095 957	3 126 426	(10 627 171)	18 595 212
Profit/(loss) attributable to owners of the parent	26 095 957	3 126 426	(10 627 171)	18 595 212
Reconciliation of profit for the year to distributable income:				
Loss on fair value adjustment				582 410
Total non-controlling interest effects of adjustments				–
Headline earnings				19 177 622
Lease straight-lining adjustment				(651 534)
Gain on interest rate swap				(1 788 602)
SA REIT funds from operations				16 737 486

* 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.

Reviewed 28 February 2022	Retail R	Residential R	Administration/ other* R	Total R
Investment property	323 185 228	25 200 306	–	348 385 534
Operating lease asset	11 444 821	–	–	11 444 821
Derivatives	–	–	3 756 264	3 756 264
Trade and other receivables	2 143 057	–	304 762	2 447 819
Cash and cash equivalents	–	–	5 765 340	5 765 340
	336 773 106	25 200 306	9 826 366	371 799 778

* 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 based on the operations of the segment.

Reviewed 28 February 2022	Retail R	Residential R	Administration/ other* R	Total R
Other financial liabilities	–	–	191 693 220	191 693 220
Trade and other payables	7 645 887	–	24 075	7 669 962
	7 645 887	–	191 717 295	199 363 182

* 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)

Segment information (continued)

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 effects of adjustments				1 754
SA REIT funds from operations				9 379 406

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

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.

Audited 28 February 2021	Retail R	Residential R	Administration/ other* R	Total R
Other financial liabilities	–	–	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 expenses and investment income that cannot be allocated specifically to the operating segments.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

3. INVESTMENT PROPERTY

	Reviewed 28 February 2022 Carrying value R	Audited 28 February 2021 Carrying value R
Group		
Investment property at fair value	348 385 534	310 560 482
Group		
Reconciliation of investment property		
Opening carrying value	310 560 482	338 798 677
Acquisition of Cravenby Shopping Centre	36 006 009	–
Improvements	2 401 453	5 176 087
Fair value adjustment	(582 410)	(33 414 282)
Investment property valuation at year end	348 385 534	310 560 482
Operating lease asset	11 444 821	6 487 523
Valuation	359 830 355	317 048 005

Pledged as security

Mortgage bonds have been registered over the entire investment property as security for the ABSA bonds (see note 7).

Details of property

Pier 14 Shopping Centre and Pier 14 Living

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

Cravenby Shopping Centre

A convenience shopping centre located in Goodwood, Cape Town, with a GLA of 3,301 m².

The group has applied the concentration test as permitted by IFRS 3: Business Combinations to the acquisition of the Cravenby Shopping Centre transaction. As substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets, the set of activities and assets acquired was deemed not to be a business.

The properties were valued internally by the directors using the discounted cash flow method.

The key assumptions used by the directors in determining the fair value were as follows:

<i>Pier 14 Shopping Centre</i>	2022	2021
	Reviewed	Audited
• Discount rate	14.33%	15.00%
• Exit cap rate	10.55%	10.90%
• Expense growth rate	5.00%	6.00%
• Income growth rate	Between 5.0% to 5.25%	6.00%
• Discounted cash flow term	10 years	10 years

Cravenby Shopping Centre

• Discount rate	14.00%	–
• Exit cap rate	10.00%	–
• Expense growth rate	5.30%	–
• Income growth rate	4.50%	–
• Discounted cash flow term	10 years	–

No comparatives have been presented for Cravenby Shopping Centre as this property was acquired in the current financial year.

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)

	Reviewed 28 February 2022 R	Audited 28 February 2021 R
Amounts recognised in profit and loss for the period		
Rental income from investment property	56 966 290	49 609 664
Direct operating expenses from rental generating property	(27 813 032)	(23 997 609)
	29 153 258	25 612 055
Reconciliation of the operating lease asset		
Balance at the beginning of the year	6 487 523	6 701 323
Current year movement	651 534	(213 800)
Operating lease asset acquired (*)	4 305 764	–
	11 444 821	6 487 523
* During the current year the group acquired Cravenby Shopping Centre, with the purchase price including an operating lease asset. This is the main reason for the overall increase in the operating lease asset.		
Non-current assets	10 024 987	6 058 155
Current assets	1 419 834	429 368
	11 444 821	6 487 523

4. FAIR VALUE INFORMATION

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 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the assets and liabilities.

	Reviewed 28 February 2022 R	Audited 28 February 2021 R
Level 3		
Recurring fair value adjustments		
Assets		
Investment property		
Pier 14 Shopping Centre and Pier 14 Living (*)	320 651 391	317 048 005
Cravenby Shopping Centre (*)	39 178 964	–
	359 830 355	317 048 005
Level 2		
Derivatives		
Interest rate swaps	3 756 264	1 967 663

* Includes investment property and operating lease asset.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

4. FAIR VALUE INFORMATION (CONTINUED)

Reconciliation of asset and liabilities measure at level 3

	2022 Reviewed R	2021 Audited R
Investment property		
Opening carrying value	317 048 005	345 500 000
Fair value adjustment	(582 410)	(33 414 282)
Additions	36 006 009	–
Operating lease asset acquired	4 305 764	–
Movement in operating lease asset	651 534	(213 800)
Improvements	2 401 453	5 176 087
Total investment property	359 830 355	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.

Valuation sensitivity

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

2022 Reviewed	
Sensitivity analysis	Increase (decrease) in valuation
An increase of 100 basis points on the discount rate	(R 21 099 761)
A decrease of 100 basis points on the discount rate	R 22 933 987
An increase of 100 basis points on the capitalisation rate	(R 12 727 546)
A decrease of 100 basis points on the capitalisation rate	R 15 410 985

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

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

5. DERIVATIVES

Non-hedging derivatives

	Reviewed 28 February 2022 R	Audited 28 February 2021 R
Interest rate swaps	3 756 264	1 967 663

The group has entered into two separate interest rate swaps, as defined by the International Swaps and Derivatives Association ("ISDA"), with ABSA Bank Limited to limit its exposure to potential interest rate fluctuations.

The group has chosen not to apply hedge accounting.

Details	ISDA 1	ISDA 2
Notional amount	82 500 000	41 250 000
Fixed rate	4.51%	5.16%
Termination date	30 April 2024	30 April 2025

6. LOAN FROM PARENT COMPANY

During the current year the loan from the parent company was settled in order to optimise the debt cost of the group. The settlement was funded through a drawdown from the ABSA mortgage bond.

7. MORTGAGE BOND

	Reviewed 28 February 2022 R	Audited 28 February 2021 R
Held at amortised cost		
ABSA Bank Limited	149 036 025	154 077 827
The loan bears interest at the 3 month Jibar rate plus 2.4% per annum. Interest is payable monthly with final capital repayments on 30 April 2024 and 30 April 2025.		
ABSA Bank Limited	3 595 420	-
The loan bears interest at the South African prime interest rate less 1% per annum. Interest is payable monthly with a final capital repayment on 10 April 2024.		
ABSA Bank Limited	39 061 775	-
The loan bears interest at the 3 month Jibar rate plus 2.4% per annum. Interest is payable monthly with a final capital repayment on 31 May 2024.		
Total	191 693 220	154 077 827

These liabilities are secured by first mortgage bonds and security cessions over the Group's investment property (refer to Note 3).

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

8. PER SHARE INFORMATION

	Reviewed 28 February 2022 R	Audited 28 February 2021 R
Profit (loss) attributable to shareholders	18 595 212	(22 249 352)
Loss on fair value adjustment - Investment Property	582 410	33 414 282
Non-controlling interest effects of adjustments	-	(33 415)
Headline earnings	19 177 622	11 131 515
Lease straight-lining adjustment	(651 534)	213 800
Gain on interest rate swap	(1 788 602)	(1 967 663)
Total non-controlling interest effects of adjustments	-	1 754
SA REIT funds from operations	16 737 486	9 379 406
Number of shares in issue	37 411 169	35 264 627
Weighted average number of ordinary shares in issue	36 770 147	34 863 677
Earnings per share (c)	50.57	(63.82)
Headline earnings per share (c)	52.16	31.93
SA REIT funds from operations per share (c) *	44.74	26.60
Net asset value per share (c) **	460.92	436.70
Distribution per share (c)	44.74	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.

9. RELATED PARTIES

	Reviewed 28 February 2022 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	-	(9 703 640)
Other receivables owing by companies under common directorships		
Companies under common directorships	384 762	304 762
Interest capitalised on loan owing to parent company		
Ultimate holding company	652 580	1 066 794
Asset management fees paid to companies under common directorships		
Companies under common directorships	1 894 956	1 707 052
Compensation to directors and other key management		
Short-term employee benefits	708 244	538 200

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

10. EVENTS AFTER REPORTING PERIOD

A final gross dividend of 44.74000 cents per share was approved by the board of directors on 13 May 2022 in respect of the 6 months ended 28 February 2022. The board approved a share reinvestment alternative in respect of these dividends, with all shareholders electing to reinvest the dividend.

On 1 March 2022 the directors resolved to dissolve Castlevue One Proprietary Limited, a wholly-owned subsidiary owning 100% of the shares in FEC Prop Proprietary Limited through a restructure arrangement. The FEC Prop Proprietary Limited shares transferred to Castlevue Property Fund Limited in two tranches of 698,005 shares and 7,309,992 shares on 1 March 2022 and 2 March 2022 respectively, resulting in Castlevue Property Fund Limited now owning 100% of the shares in FEC Prop Proprietary Limited directly.

11. PAYMENT OF DIVIDEND

The board approved and notice is hereby given of the final gross dividend of 44.74 cents per share for the six months ended 28 February 2022.

A circular providing further information in respect of the cash dividend and share reinvestment alternative will be sent to Castlevue shareholders on Friday, 20 May 2022.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker should instruct their CSDP or broker with regard to their election, in accordance with the terms of the custody agreement entered into between them and their CSDP or broker.

Salient dates and times	2022
Circular and form of election posted to shareholders and announced on SENS	Friday, 20 May
Finalisation information including the share ratio and reinvestment price per share published on SENS by 11:00 (SA time)	Tuesday, 31 May
Last day to trade in order to participate in the election to receive the dividend reinvestment alternative or to receive a cash dividend ("LDT")	Tuesday, 7 June
Shares trade 'ex' dividend	Wednesday, 8 June
Listing of maximum possible number of shares under the dividend reinvestment alternative	Friday, 10 June
Last day to elect to receive the dividend reinvestment alternative or to receive a cash dividend (no late forms of election will be accepted) at 12:00 (SA time)	Friday, 10 June
Record date for the election to receive shares in terms of the dividend reinvestment alternative or to receive a cash dividend ("record date")	Friday, 10 June
Results of cash dividend and dividend reinvestment alternative published on SENS	Monday, 13 June
Cash dividend paid to certificated shareholders by electronic funds transfer on or about	Monday, 13 June
Accounts credited by CSDP or broker to dematerialised shareholders with the cash dividend payment	Monday, 13 June
Share certificates posted to certificated shareholders on or about	Wednesday, 15 June
Accounts updated with the new shares (if applicable) by CSDP or broker to dematerialised shareholders	Wednesday, 15 June
Adjustment to shares listed on or about	Friday, 17 June

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

Notes:

Shareholders electing the dividend reinvestment alternative are alerted to the fact that the new shares will be listed on LDT + 3 and that these new shares can only be traded on LDT + 3 due to the fact that settlement of the shares will be three days after the record date, which differs from the conventional one day after record date settlement process.

Shares may not be dematerialised or rematerialised between Wednesday, 8 June 2022 and Friday, 10 June 2022, both days inclusive.

The above dates and times are subject to change. Any changes will be released on SENS.

Shareholders are advised that in electing to participate in the dividend reinvestment alternative, pre-taxation funds are utilised for the purposes and that taxation will be due on the total cash dividend amount of 44.74000 cents per share.

The board of directors of Castlevue, in its discretion, may withdraw the dividend reinvestment alternative should market conditions warrant such action and such withdrawal will be communicated to shareholders prior to the release of the finalisation announcement on SENS.

This cash dividend or the dividend reinvestment alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Fractions

Trading in the Strate environment does not permit fractions and fractional entitlements. Where a shareholder's entitlement to the shares in relation to the dividend reinvestment alternative gives rise to an entitlement to a fraction of a new share, such fraction will be rounded down to the nearest whole number with the cash balance of the dividend being retained by the shareholders.

Foreign shareholders

The release, publication or distribution of this announcement and the circular and/or accompanying documents and the right to elect shares pursuant to the dividend reinvestment alternative in jurisdictions other than the Republic of South Africa may be restricted or affected by the laws of such jurisdictions, and a failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdictions. The shares issued pursuant to the dividend reinvestment plan have not been and will not be registered for the purposes of the election under the securities laws of the United States, Australia, Canada, countries in the European Economic Area, Japan and Hong Kong and accordingly are not being offered, sold, taken up, re-sold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions unless certain exemptions from the requirements of those jurisdictions are applicable.

Tax implications

Castlevue was granted REIT status by the JSE Limited upon listing on the JSE, in line with the REIT structure as provided for in the Income Tax Act, No. 58 of 1962, as amended from time to time (the "Income Tax Act") and, section 13 of the JSE Listings Requirements.

The REIT structure is a tax regime that allows a REIT to deduct qualifying distributions paid to investors, in determining its taxable income.

The cash dividend of 44.74000 cents per share meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act (a "qualifying distribution") with the result that:

- qualifying distributions received by resident Castlevue shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(i)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the Castlevue shareholder. These qualifying distributions are however exempt from dividends withholding tax, provided that the South African resident shareholders provided 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 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,
- a declaration that the dividend is exempt from dividends tax; and

in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

- qualifying distributions received by non-resident Castleview shareholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any qualifying distribution is subject to dividends 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 shareholder.

Assuming dividends withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 35.79200 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 provided 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 declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- 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 South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shareholders who are South African residents are advised that in electing to participate in the share dividend alternative, pre-taxation funds are utilised for the reinvestment purposes and that taxation will be due on the total cash dividend amount of 44.74000 cents per share.

Other information:

- The ordinary issued share capital of Castleview is 37 411 169 ordinary shares of no par value before any election to reinvest the cash dividend.
- Income Tax Reference Number of Castleview: 9366916188.

The cash dividend or dividend reinvestment alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult their tax and/or professional advisors should they be in any doubt as to the appropriate action to take.

By order of the board

James Templeton
Chief executive officer

Colin Dockrall
Financial director

Cape Town
20 May 2022

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)

Directors

JWA Templeton, C Dockrall, GC Bayly, DJ Green, A Mahomed, A Padayachee

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www.castleview.co.za

Company secretary

Statucor

Transfer secretary

Link Market Services

Designated adviser

Java Capital



castleview.co.za