



**UNAUDITED
CONDENSED
CONSOLIDATED
INTERIM
FINANCIAL
STATEMENTS**

for the 6 months ended 30 September 2023



castleview

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DIRECTORS' COMMENTARY

1. NATURE OF BUSINESS

Castlevision Property Fund is a property holding and investment company that was listed as a REIT on the AltX of the JSE on 20 December 2017. Castlevision invests in direct property investments – where the Group owns the properties – and indirect property investments – where property is owned via other real estate companies with separate management teams – with the goal of maximising total returns to its shareholders.

The acquisition of the I Group portfolio in September 2022 resulted in the Company acquiring a diversified, well-located and high quality portfolio of South African and Polish direct, and South African and US indirect assets across all property sectors and repositioned the company as a mid-tier REIT with a net asset value of in excess of R8 billion and total assets of R21.7 billion.

2. INVESTMENT AND PROPERTY PORTFOLIO

Castlevision currently holds the following strategic investments across a variety of property-related entities:

- REITS: Approximately 58.6% of the total shares in issue of Emira Property Fund, a diversified REIT listed on the JSE. Emira recently acquired substantially all of the shares in Transcend Residential Property Fund, a residential REIT listed on the JSE, which was de-listed in November 2023.
- INDUSTRIAL: The Company has significant exposure, with board representation, to a R10.5 billion industrial and logistics portfolio through its 25.7% shareholding in Collins Property Projects (“CPP”), which is a subsidiary of JSE-listed Collins Property Group Ltd (“CPG”). Castlevision and CPG have reached agreement to conclude a transaction which will see Castlevision become a shareholder in CPG, in return for the sale of Castlevision's shares in CPP to CPG. This transaction is expected to be concluded in December 2023.
- COMMUNITY RETAIL POLAND: A community shopping centre joint-venture in Poland. The portfolio comprises 12 well located community shopping centres located in various cities around Poland, as well as 3 office buildings, with total assets of €700 million.
- COMMUNITY RETAIL IN SOUTH AFRICA: Castlevision currently owns a direct retail property portfolio in South Africa of 7 community shopping centres valued at R1.1 billion that provides sustainable and proven cash-flows, and where the anchor tenants are expected to achieve high and stable turnover figures over time. These properties are either wholly-owned or on an undivided share basis with partners.

- RESIDENTIAL: Castlevision has invested in iRes Fund, a Western Cape based, income-producing, residential portfolio valued at R367 million that comprises units in a variety of property developments in Cape Town.
- RESIDENTIAL DEVELOPMENT: The Company also has 7 residential sites in Cape Town, Western Cape, valued at R433 million which have been developed for disposal or will be developed once the appropriate rights have been secured.

3. COMMENTARY ON RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2023

During the reporting period, the total assets of the Group decreased to R21.7 billion (March 2023: R22.1 billion) with a corresponding decrease in debt funding to R10.2 billion (March 2023: R10.6 billion), primarily as a result of the successful disposal of Enyuka. Further detail on this disposal is set out in Note 3 to the interim financial statements. The Group had a market capitalisation of R8.4 billion based on a share price of R8.50 at the reporting date and a net asset value of R8.3 billion, which equates to a net asset value of R8.40 per share (March 2023: 8.55 per share). The loan-to-value ratio, net of cash, is 48.4% (March 2023: 48.8%).

The revenue for the period was steady at R1.0 billion. Income derived from equity accounted investments of R229.0 million included income from Enyuka up to 20 July 2023.

Finance costs have increased substantially with the growth of the business, to R573.5 million (2022: R12.4 million). The increase is also in part due to the rise borrowing costs across the portfolio as a result of interest rate increases in South Africa and Europe. The Group manages its interest rate risk via its respective business units through the use of fixed rate debt or interest rate derivatives

An expected credit loss of R267.9 million was realised on the Groups investment into Inani, held through Emira. As a result the Group has realised an accounting loss for the year of R67.0 million (2022: R78.0 million gain). The Groups operational performance remains robust delivering an SA REIT FFO of R186.5 million. Consequently, the Castlevision Board was pleased to approve a dividend of R105.1 million and has declared a distribution for the period of 10.676 (2022: Nil) cents per share.

DIRECTORS' COMMENTARY (continued)

4. SUMMARY OF FINANCIAL INDICATORS

	30 September 2023	31 March 2023
Shares in issue	984 411 189	978 238 349
Net asset value per share (cents)*	840.11	855.38
SA REIT Loan-to-value ratio**	48.4%	48.8%
SA Cost-to-income ratio***	54.4%	57.3%

* 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 assets less cash, derivatives and financial assets.

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

5. OUTLOOK

Rising interest rates both locally and abroad, as well as a South African economy showing very little growth, have continued to negatively impact the performance of the Company, both from a distributable income and capital appreciation perspective. It is possible that these pressures could be eased in 2024 as the widely expected topping out of global interest rates becomes evident.

Notwithstanding these headwinds, the Company's portfolio is well diversified to South African, Polish and US properties, and has increased its exposure to the South African residential sector following Emira's purchase of Transcend Residential Property Fund.

The Castlevue Board of Directors is optimistic about Castlevue's ability to weather these conditions and continue to deliver growth in capital and income to shareholders in the future.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

Figures in Rand thousand	Note(s)	Unaudited 30 September 2023	Audited 31 March 2023
ASSETS			
Non-current assets			
Investment property	2	13 047 084	13 220 088
Operating lease asset	2	54 251	51 631
Property, plant and equipment		3 639	4 322
Investments and loans in equity-accounted investments	3	6 679 680	6 398 352
Investments at fair value		19 599	20 221
Loans receivable	6	175 443	54 451
Derivatives		133 913	76 243
Deferred tax		178 757	190 869
		20 292 366	20 016 177
Current Assets			
Operating lease asset	2	4 683	6 922
Derivatives		36 026	12 126
Trade and other receivables		168 648	169 509
Cash and cash equivalents		215 223	201 003
Loan Receivable	6	93 775	294 669
Inventories		433 051	414 270
		951 406	1 098 499
Assets held for sale		490 250	954 472
Total assets		21 734 022	22 069 148
Equity Attributable to Equity Holders of Parent			
Share capital		5 976 272	5 936 595
Reserves		709 634	542 106
Retained income		1 584 197	1 888 973
		8 270 103	8 367 674
Non-controlling interest		2 203 380	2 251 064
		10 473 483	10 618 738
LIABILITIES			
Non-Current Liabilities			
Borrowings	4	8 247 999	7 906 968
Derivatives		200 168	191 783
Other liabilities		118 895	126 632
		8 567 062	8 225 383
Current Liabilities			
Borrowings	4	1 969 695	2 650 285
Derivatives		221 334	88 060
Other liabilities		15 061	7 146
Trade and other payables		487 387	479 536
		2 693 477	3 225 027
Total liabilities		11 260 539	11 450 410
Total equity and liabilities		21 734 022	22 069 148

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDING 30 SEPTEMBER 2023

Figures in Rand thousand	Note(s)	Unaudited six months ended 30 September 2023	Unaudited six months ended 31 August 2022
Revenue	5	1 040 135	30 249
Other operating income		1 440	–
Property expenses		(458 948)	–
Other operating expenses		(20 953)	(13 172)
Operating profit		561 674	17 077
Expected credit loss on loans receivable	6	(267 902)	–
Transaction and advisory fees		(5 784)	–
Administration expenses		(88 502)	(4 601)
Investment income		820	15
Finance costs		(447 668)	(6 628)
Income from equity accounted investments		228 990	–
Loss on disposal of equity accounted investments		(38 419)	–
Gain on fair value adjustment on investment property		91 601	69 216
(Loss)/gain on interest rate swap		(71 206)	2 898
Other losses		(30 297)	–
Profit before taxation		(66 693)	77 977
Taxation		(335)	–
Profit/(loss) for the period		(67 028)	77 977
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		17 067	–
Share of comprehensive income of equity accounted investments		189 889	–
Total items that may be reclassified to profit or loss		206 956	–
Other comprehensive income for the period net of taxation		139 928	77 977
Profit attributable to:			
Owners of the parent		(141 683)	77 977
Non-controlling interest		74 655	–
		(67 028)	77 977
Total comprehensive income attributable to:			
Owners of the parent		25 845	77 977
Non-controlling interest		114 083	–
		139 928	77 977
Earnings per share			
Basic earnings per share (cents)	7	(14.44)	199.21
Diluted earnings per share (cents)	7	(14.44)	199.21

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 SEPTEMBER 2023

Figures in Rand thousand	Share capital	Foreign currency translation reserve	Retained income	Total attributable to equity holders of the Group	Non- controlling interest	Total equity
Audited balance at 1 March 2022	185 948	–	(13 511)	172 437	–	172 437
Profit and other comprehensive income for the period	–	–	77 977	77 977	–	77 977
Issue of shares	16 738	–	–	16 738	–	16 738
Dividends	–	–	(16 738)	(16 738)	–	(16 738)
Unaudited balance at 31 August 2022	202 686	–	47 728	250 414	–	250 414
Audited balance at 1 April 2023	5 936 595	542 106	1 888 973	8 367 674	2 251 064	10 618 738
Profit for the period	–	–	(141 683)	(141 683)	74 655	(67 028)
Other comprehensive income for the period	–	167 528	–	167 528	39 428	206 956
Issue of shares	39 677	–	–	39 677	–	39 677
Movements between equity holders	–	–	(5 704)	(5 704)	(97 629)	(103 333)
Dividends	–	–	(157 389)	(157 389)	(64 138)	(221 527)
Unaudited balance at 30 September 2023	5 976 272	709 634	1 584 197	8 270 103	2 203 380	10 473 483

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2023

Figures in Rand thousand	Note(s)	Unaudited 6 months ended 30 September 2023	Unaudited 6 months ended 31 August 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		479 583	14 493
Interest income		48 538	14
Dividends received		27 927	–
Finance costs		(430 602)	(6 627)
Dividends paid to shareholders		(157 389)	–
Dividends paid to non-controlling interests		(64 138)	–
Net cash from/(used in) operating activities		(96 081)	7 880
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases and additions to investment property	2	(193 258)	(4 225)
Proceeds on disposal of investment property	2	272 864	–
Acquisition of furniture, fittings, computer equipment and intangible assets		(270)	–
Proceeds from equity-accounted investments		783 652	–
Loans receivable advanced		(171 200)	–
Cash receipts from loans receivable		6 407	–
Purchases of investments at fair value		1 082	–
Net cash from/(used in) investing activities		699 277	(4 225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on issue of share capital		40 000	–
Payment to non-controlling interests due to change in ownership		(93 741)	–
Net cash advances/repayments of borrowings	4	(524 847)	(4 392)
Cash flows on settlement of derivatives		(10 906)	–
Finance lease payments		(2 673)	–
Net cash used in financing activities		(592 167)	(4 392)
Total cash movement for the year		11 029	(737)
Effect of FX on Cash held		3 191	–
Cash and cash equivalents at the beginning of the year		201 003	5 765
Cash and cash equivalents at the end of the year		215 223	5 028

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

These interim results are for the for the six months ended 30 September 2023 (the “current reporting period” or the “current period”) and are compared to the six months ended 31 August 2022 (the “prior period” or the “comparative period”). The difference in the interim reporting month end dates is due to the Company changing its financial year-end in the previous year from February to March.

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements (the “Listings Requirements”) for provisional reports and the 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 the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies used in the preparation of these financial statements are in terms of IFRS and are consistent with those used in the audited annual financial statements for the year ended 31 March 2023. This report was compiled under the supervision of James Day CA(SA), the Financial Director of Castleview.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. INVESTMENT PROPERTY

Figures in Rand thousand	Unaudited 30 September 2023	Audited 31 March 2023
Reconciliation of investment property		
Opening balance	13 220 088	348 386
Acquisitions via business combinations	–	13 480 088
Acquisitions/Additions	181 392	124 323
Disposals	(272 864)	(468 326)
Fair value adjustments	91 601	70 805
Transfers to held for sale	(174 043)	(315 856)
Other	910	(19 332)
Investment property at fair value	13 047 084	13 220 088
Operating lease asset	58 934	58 553
Held for sale	490 250	316 206
Total Investment Property	13 106 018	13 278 641
	13 596 268	13 594 847
Property held by sector:		
Office	2 876 340	2 875 022
Retail	5 852 689	6 012 726
Industrial	1 787 738	1 715 241
Residential	2 551 001	2 649 202
Land	38 250	26 450
	13 106 018	13 278 641

Disposals

During the period, the Group disposed of a non-core industrial property, 1 Monte Carlo Road, Durban and 252 residential units.

The Group classified R356.9m of investment property as held for sale. This includes 3 properties and 120 residential units.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

3. INVESTMENTS IN EQUITY ACCOUNTED INVESTMENTS

The Group holds the following investments at the reporting date:

Figures in Rands thousands	Unaudited as at 30 September 2023			
	% Held	Equity	Loan	Total
EPP Community Properties JV B.V.	49.5	2 796 592	–	2 796 592
Collins Property Projects Proprietary Limited	25.7	1 017 812	–	1 017 812
USA Retail Portfolio	49.0	2 851 894	–	2 851 894
Resi Development Proprietary Limited	50.0	431	12 951	13 382
				6 679 680

Figures in Rands thousands	Audited as at 31 March 2023			
	% Held	Equity	Loan	Total
EPP Community Properties JV B.V.	46.9	2 681 354	–	2 681 354
Collins Property Projects Proprietary Limited	25.7	1 000 906	–	1 000 906
USA Retail Portfolio	49.0	2 702 710	–	2 702 710
Enyuka Prop Holdings Proprietary Limited*	49.9	49 487	588 779	638 266
Resi Development Proprietary Limited	50.0	431	12 951	13 382
				7 036 618
Classified as held for sale				(638 266)
				6 398 352

EPP Community Properties JV B.V.

EPP Community Properties JV B.V. is a joint venture between Castlerview and EPP, part of the Redefine Properties Limited Group, consisting of 15 retail and office properties in Poland.

Collins Property Projects Proprietary Limited

Castlerview acquired an interest in Collins Property Projects Proprietary Limited, a portfolio of properties that form part of the Collins Property Group Limited (Formerly Tradehold Limited Group). The portfolio consists of primarily industrial buildings, among which are a number of major state-of-the-art distribution centres and industrial complexes let on long-term triple-net leases to leading corporate clients.

USA Retail Portfolio

The Group, through its subsidiary Emira has co-invested with its USA-based partner, The Rainier Companies, in 12 grocery-anchored, dominant, value-oriented power centres in the USA on a deal-by-deal basis. While the Group, through its US subsidiary CIL2, owns a minority share in each of the 12 direct property-owning entities it has a unanimous voting arrangement on all major decisions.

* Enyuka Prop Holdings Proprietary Limited

Enyuka was a rural and lower-LSM retail venture between the group's subsidiary, Emira, and One Property Holdings. The Group successfully concluded the sale of Enyuka on 20 July 2023 for an aggregate consideration of R646,3m.

The disposal realised cash proceeds of R516,3m after taking into account the vendor loan of R130m provided by Emira to the purchaser, Oneeighty Holdings Two Proprietary Limited ("OEH2"). The vendor loan is secured by a security pledge of the net disposal proceeds of two properties owned by the OEH2 together with a reversionary pledge of the OEH2's interests and claims in Enyuka.

Up to the date of disposal, the Group's interest in Enyuka was equity accounted and net income for the current period includes the Group's share of Enyuka's net profit of R41.1m (of which R4.9m is a distributable profit) and R30,8m of interest received on the shareholder loan provided to Enyuka by Emira.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

4. BORROWINGS

Figures in Rands thousand	Unaudited 30 September 2023	Audited 31 March 2023
Breakdown of interest-bearing borrowings		
Debt (capital)	10 134 647	10 520 035
Accrued interest	110 675	60 855
Borrowing costs	(27 628)	(23 637)
	10 217 694	10 557 253
Split between non-current and current portions		
Non-current liabilities	8 247 999	7 906 968
Current liabilities	1 969 695	2 650 285
	10 217 694	10 557 253

5. REVENUE

Figures in Rand thousand	Unaudited six months ended 30 September 2023	Unaudited six months ended 31 August 2022
Property income		
Operating lease rental income from investment properties	763 095	24 064
Recoveries of operating costs from tenants	274 356	5 991
Other property income	2 684	194
	1 040 135	30 249

6. OTHER FINANCIAL ASSETS

Inani

The Group, through its subsidiary Emira, holds an investment in Inani classified as a financial asset through profit and loss with a fair value of Rnil as at 30 September 2023.

The mezzanine loan advanced to Inani was amended during the period to change it from an interest-bearing loan to an interest-free loan with effect from 1 April 2023. This followed an assessment of Inani's financial position, where elevated debt levels in a high interest rate environment, coupled with Inani's exposure to the struggling office sector, has put severe pressure on its ability to service interest.

The gross amount outstanding on the loan as at 30 September 2023 is R432.8m including interest, and after credit loss provisioning at 30 September 2023, the carrying value has been reduced to Rnil. Given the further deterioration of Inani's credit risk, the loan has been assessed as credit impaired. Considering this, together with Inani's lack of liquidity and the prolonged period over which disposals could be realised, the estimated credit loss has been increased to 100% of the gross amount outstanding.

To allow Inani to remedy their position over time, the Group has assisted by acquiring R51.3m of the senior lender's mezzanine debt on 17 August 2023 via a cession from the senior lender. This loan is on the same terms and conditions as the senior lender and ranks *pari passu* with them. The Inani cession loan was assessed for recoverability at the reporting date and, accordingly, a credit loss provision of R8.4m has been raised.

Inani remains in discussions with its senior lender and the Group on options of how to restructure the capital such that the business is more sustainable going forwards.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

7. SEGMENT ANALYSIS

Segment information

At 30 September 2023, the group is organised into three operating segments, being direct investments, indirect investments and listed subsidiaries. These segments are now the only reportable segments whose information is considered by the Chief Executive Officer.

Figures in Rands thousand	Unaudited for the 6 months ended 30 September 2023			
	Direct	Indirect	Listed	Total
Revenue	94 457	1 156	944 522	1 040 135
Other operating income	(265)	–	1 705	1 440
Property expenses	(37 096)	–	(421 853)	(458 949)
Other operating expenses	(8 835)	(783)	(11 334)	(20 952)
Operating profit (loss)	48 261	373	513 040	561 674
Expected credit loss on loans receivable	–	–	(267 902)	(267 902)
Transaction and advisory fees	–	–	(5 784)	(5 784)
Administration expenses	(20 982)	(7 127)	(60 393)	(88 502)
Investment income	19	801	–	820
Finance costs	(52 011)	(36 899)	(358 757)	(447 668)
Income from equity accounted investments	–	50 542	178 448	228 990
(Loss) gain on fair value adjustment on investment property	13 220	–	78 381	91 601
(Loss) gain on interest rate swap	1 260	–	(72 466)	(71 206)
Loss on disposal of equity accounted investment	–	–	(38 419)	(38 419)
Other losses	–	(19 642)	(10 656)	(30 297)
Profit (loss) before taxation	(10 233)	(11 952)	(44 508)	(66 693)
Taxation	(335)	–	–	(335)
Profit for the period	(10 568)	(11 952)	(44 508)	(67 028)

Figures in Rands thousand	Unaudited for the 6 months ended 31 August 2022			
	Direct	Indirect	Listed	Total
Revenue	30 249	–	–	30 249
Property expenses	(13 172)	–	–	(13 172)
Operating profit	17 077	–	–	17 077
Administration expenses	(4 601)	–	–	(4 601)
Investment income	15	–	–	15
Finance costs	(6 628)	–	–	(6 628)
Gain on fair value adjustment on investment property	69 216	–	–	69 216
Gain on interest rate swap	2 898	–	–	2 898
Profit before taxation	77 977	–	–	77 977
Taxation	–	–	–	–
Profit for the period	77 977	–	–	77 977

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

7. SEGMENT ANALYSIS (CONTINUED)

Assets	Unaudited 30 September 2023			
	Direct	Indirect	Listed	Total
Assets				
Investment property	1 214 403	–	11 891 615	13 106 018
Assets held for sale	269 500	–	220 750	490 250
Investments in associates and joint ventures	431	3 814 404	2 864 845	6 679 680
Inventories	433 051	–	–	433 051
Other assets	608 970	45 634	370 419	1 025 023
	2 526 355	3 860 038	15 347 629	21 734 022
Liabilities				
Borrowings	(1 047 191)	(725 229)	(8 500 926)	(10 273 346)
Other liabilities	(32 510)	1 209	(955 892)	(987 193)
	(1 079 701)	(724 020)	(9 456 818)	(11 260 539)

Assets	Unaudited 31 March 2023			
	Direct	Indirect	Listed	Total
Assets				
Investment property	1 270 521	–	12 008 120	13 278 641
Assets held for sale	133 000	–	821 472	954 472
Investments in associates and joint ventures	431	3 682 260	2 715 661	6 398 352
Inventories	414 270	–	–	414 270
Other assets	119 636	45 307	858 470	1 023 413
	1 937 858	3 727 567	16 403 723	22 069 148
Liabilities				
Borrowings	965 495	704 002	8 943 413	10 612 910
Other liabilities	40 560	191	796 749	837 500
	1 006 055	704 193	9 740 162	11 450 410

All revenue is from external customers.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

8. PER SHARE INFORMATION

Figures in Rand thousand	Unaudited 30 September 2023	Unaudited 31 August 2022
Profit attributable to the shareholders	(141 683)	77 977
Gain on fair value adjustment of investment properties	(91 601)	(69 216)
Loss on disposal of investment in associates	38 419	-
Gain on fair value adjustment of investment properties of equity-accounted investments	(27 313)	-
Total non-controlling interest effects of adjustments	40 457	-
Headline earnings	(181 721)	8 761
Number of shares in issue	984 411 189	41 042 547
Weighted average number of ordinary shares in issue	980 903 127	39 142 189
Diluted weighted average number of ordinary shares in issue	980 903 127	39 142 189
Earnings per share (cents)	(14.44)	199.21
Diluted earnings per share (cents)	(14.44)	199.21
Headline earnings per share (cents)	(18.53)	22.38
Net asset value per share (cents)*	840.11	610.13
Distribution per share (cents)	10.67600	-

* 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. FAIR VALUE INFORMATION

Fair value hierarchy

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Fair value measurements of financial instruments

Figures in Rand thousand	Level 1	Level 2	Unaudited 30 September 2023	Level 1	Level 2	Audited 31 March 2023
Assets						
Derivative financial instruments	-	169 939	169 939	-	88 369	88 369
Listed	19 599	-	19 599	20 221	-	20 221
Liabilities						
Derivative Financial	-	421 502	421 502	-	279 843	279 843

Derivative financial instruments

The fair values of the interest-rate swap contracts are determined using discounted cash flow projections based on estimates of future cash flows and the terms of the relevant swap agreements. Cash flows are projected using a zero-coupon ZAR swap curve, and are discounted on an un-collateralised basis.

The fair values of the cross-currency interest-rate swap contracts are valued by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place.

The USD forward exchange contracts are valued by discounting the forward rates applied at the period end to the open hedged positions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

9. FAIR VALUE INFORMATION (CONTINUED)

Shares in listed property

The Group holds shares in Collins Property Group Limited, listed on the Johannesburg Stock Exchange. Shares are recognised at the market price on the reporting date, being the closing price quoted on the exchange.

Other financial assets

The fair value of other financial assets is measured in terms of Inani and IHS Asset Management's net asset values at reporting date.

Fair value measurements of non-financial assets

Recurring fair value measurements

Figures in Rand thousand	Level 3	Sep 2023	Level 3	Mar 2023
Investment property	13 047 084	13 047 084	13 220 088	13 220 088
Investment property held for sale	490 250	490 250	315 856	315 856
Asset held of sale – Investment in Enyuka Prop Holdings (Pty) Ltd	–	–	638 266	638 266
	13 537 334	13 537 334	14 174 210	14 174 210

Investment Property

Castlevue

At the reporting date, the fair value of direct property portfolio was determined by internal valuation, reviewed by the directors and approved by the Board. The assets of Castlevue's direct portfolio are valued at least every 3 years.

Emira and Transcend

Fair values are estimated biannually by professional registered valuers, whereafter they are reviewed by the executive directors and approved by the Emira Board. The Emira commercial portfolio was externally valued as at 30 September 2023 and the discount rates and exit capitalisation rates used have remained substantially the same as those used in the March 2023 valuations. All other valuation inputs and metrics have been updated to reflect current market expectations.

Except for those properties being disposed of, the Emira residential portfolio has been held at the valuations determined in March 2023. Management considered the inputs into the March 2023 valuations and concluded there are no observable indications of any material changes. For those properties currently being disposed of on a unit-by-unit basis, and where at least 30% of the total units have been sold at reporting date, their valuations have been adjusted to reflect the disposal price of the units.

Investment property held for sale

The fair value of investment properties held for sale is based on the sale price agreed by the parties where applicable or the fair value thereof.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

10. EVENTS AFTER THE REPORTING PERIOD

Payment of dividend

The board approved an interim gross dividend for the period 1 April 2023 to 30 September 2023 of 10.67600 cents per share.

Full details of the dividend, including the tax treatment and salient dates and times, were published on SENS on 21 November 2023.

Transcend scheme of arrangement

As detailed in the circular published on 1 September 2023 (the "Circular"), the Group, through its subsidiary Emira made an offer to Transcend shareholders, by way of a scheme of arrangement to acquire all of the issued Transcend ordinary shares not already owned by the Group (being 52 215 466 shares) for a consideration of R6,30 per Transcend share (the "Scheme"). As announced on SENS on 3 October 2023, 91.85% of shareholders voted in favour of the Scheme.

On 18 October 2023, following the fulfilment of the Scheme's conditions precedent, Transcend shareholders were advised on SENS that the Scheme, the delisting of Transcend from the Main Board of the JSE and the clean-out distribution would be implemented in accordance with the salient dates and times set out in the Circular, the implementation date being 13 November 2023. The clean-out distribution was confirmed at 29,44 cents per share.

The implementation of the Scheme was concluded on 13 November 2023.

Collins restructure

On 21 August 2023, the Group announced that it had, through its wholly-owned subsidiary U Reit Collins (Pty) Ltd, entered into agreements whereby Collins Property Group Limited ("CPG") will acquire all of the issued shares of Collins Property Projects (Pty) Ltd (a subsidiary of CPG) currently held by the Group (being 25.7% of the total issued shares of Collins Property Projects) in exchange for 21.78% of the issued ordinary shares of CPG. This transaction is expected to be concluded in December 2023.

By order of the board

James Templeton
Chief Executive Officer

James Day
Financial Director

Cape Town
30 November 2023

APPENDIX 1: REIT RATIOS

ADOPTION OF BEST PRACTICE RECOMMENDATIONS

The principles encompassed in the calculations below are aligned with the best practice recommendations (“BPR”) by the SA REIT Association published in 2019 and do not comply with IFRS. The BPR is effective for financials year-ends commencing on or after 1 January 2020.

The specific adjustments are detailed in the statement of funds from operations below. All of these adjustments are derived from the face of the statement of comprehensive income presented and the accompanying notes to the financial statements.

Figures in Rands thousand	6 months ended 30 September 2023	6 months ended 31 August 2022
SA REIT Funds from Operations (SA REIT FFO) per share		
Profit or (loss) per IFRS Statement of Comprehensive Income (SOI) attributable to the parent	(141 683)	77 977
Adjusted for:		
Accounting/specific adjustments		
Fair value adjustments to:	(91 737)	(69 216)
– Investment property	(91 601)	(69 216)
– Debt and equity instruments held at fair value through profit or loss	(136)	–
Loss on sale of investment in associate	38 419	–
Expected credit loss allowance on loans receivable	267 902	–
Depreciation and amortisation	4 398	–
Deferred tax movement recognised in profit or loss	335	–
Straight-lining operating lease adjustment	(3 821)	772
Transaction costs expensed in accounting for a business combination	(5 784)	–
Adjustments to dividends received from equity interest held	(7 806)	–
Foreign exchange and hedging items:	98 585	(2 898)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	71 206	(2 898)
Foreign exchange gains or losses relating to capital items – realised and unrealised	27 379	–
Other adjustments	27 674	–
Adjustments made for equity-accounted entities	85 976	–
Non-controlling interest in respect of the above adjustments	(58 302)	–
SA REIT FFO	186 482	6 635
Number of shares outstanding at end of period (net of treasury shares)	984 411 189	41 042 547
SA REIT FFO per share (cents)	18.944	16.166
Dividend per share (cents)	10.676	–

APPENDIX 1: REIT RATIOS (continued)

Figures in Rands thousand		As at 30 September 2023	As at 31 March 2023
SA REIT Net Asset Value (SA REIT NAV)			
Reported NAV attributable to the parent		8 270 103	8 367 674
Adjustments:			
Dividend to be declared		(105 096)	(157 389)
Fair value of certain derivative financial instruments		(71 206)	(27 580)
Deferred tax		(178 757)	(190 869)
SA REIT NAV	A	7 915 044	7 991 836
Shares outstanding			
Number of shares in issue at period end (net of treasury shares)		984 411 189	978 238 349
Effect of dilutive instruments (options, convertibles and equity interests)		-	6 172 840
Dilutive number of shares in issue	B	984 411 189	984 411 189
SA REIT NAV per share	(A/B)	8.04	8.12

Figures in Rands thousand		6 months ended 30 September 2023	6 months ended 31 August 2022
SA REIT cost-to-income ratio			
<i>Expenses</i>			
Operating expenses per IFRS income statement (includes municipal expenses)		479 901	13 172
Administrative expenses per IFRS income statement		88 502	4 601
Exclude :			
Depreciation expense in relation to property, plant and equipment of an administrative nature		(4 398)	-
Operating costs	A	564 005	17 773
<i>Rental income</i>			
Contractual rental income per IFRS income statement (excluding straight-lining)		761 958	25 030
Utility and operating recoveries per IFRS income statement		274 356	5 991
Gross rental income	B	1 036 314	31 021
SA REIT cost-to-income ratio	(A/B)	54.4%	57.3%
SA REIT administrative cost-to-income ratio			
<i>Expenses</i>			
Administrative expenses as per IFRS income statement	A	88 502	4 601
<i>Rental Income</i>			
Contractual rental income per IFRS income statement (excluding straight-lining)		761 958	25 030
Utility and operating recoveries per IFRS income statement		274 356	5 991
Gross rental income	B	1 036 314	31 021
SA REIT administrative cost-to-income ratio	A/B	8.5%	14.8%

APPENDIX 1: REIT RATIOS (continued)

Figures in Rands thousand		As at 30 September 2023	As at 31 March 2023
SA REIT GLA vacancy rate			
Gross lettable area of vacant space (sqm)	A	43 526	47 780
Gross lettable area of total property portfolio (sqm)	B	1 077 529	1 084 842
SA REIT GLA vacancy rate	(A/B)	4.0%	4.4%
SA REIT loan-to-value (SA REIT LTV)			
Gross Debt		10 217 694	10 557 253
Less:			
Cash and cash equivalents		(215 223)	(201 003)
Add:			
Derivative financial instruments		251 564	191 475
Net Debt	A	10 254 035	10 547 725
Total assets – per Statement of Financial Position		21 734 022	22 069 148
Less:			
Cash and cash equivalents		(215 223)	(201 003)
Trade and other receivables		(168 648)	(169 509)
Derivative financial assets		(169 939)	(88 369)
Carrying amount of property – related assets	B	21 180 212	21 610 267
SA REIT loan-to-value	A/B	48.4%	48.8%
SA REIT COST OF DEBT			
Variable interest rate borrowings		11.2%	11.5%
Floating reference rate plus weighted average margin		11.2%	11.5%
Fixed interest rate borrowings		6.0%	6.0%
Weighted average fixed rate		6.0%	6.0%
Pre-adjusted weighted average cost of debt		9.8%	10.7%
Adjustments:			
Impact of interest rate derivatives		(0.34%)	(0.74%)
Impact of cross currency interest rate swaps	A	(0.55%)	(1.47%)
Amortised transaction costs imputed in the effective interest rate		0.2%	0.10%
SA REIT all-in weighted average cost of debt		9.04%	8.62%

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
COMPANY REGISTRATION NUMBER	2017/290413/06
JSE SHARE CODE (APPROVED AS A REIT BY THE JSE)	CVW ISIN: ZAE000251633
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