PROVISIONAL SUMMARISED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

for the twelve months ended 28 February 2021

CASTLEVIEW
PROPERTY FUND

DIRECTORS' COMMENTARY

NATURE OF BUSINESS

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

PROPERTY PORTFOLIO

Castleview's property portfolio consists of one property, namely Pier 14 Shopping Centre in Govan Mbeki Road, Port Elizabeth, which is defined as a small regional shopping centre with 29 690m^2 of rentable space and is anchored by large national tenants such as Shoprite, Pep, Ackermans and Mr Price.

COMMENTARY ON RESULTS, DISTRIBUTABLE EARNINGS AND NET ASSET VALUE

The period under review was almost entirely negatively impacted by the COVID-19 pandemic, with South Africa going into lockdown level 5 from 27 March 2020 and being at various stages of lockdown since then. During level 5 lockdown, only essential services such as food retailers and pharmacies were allowed to trade, with increasing numbers of tenants allowed to trade as the country moved down to level 2 by late August 2020, when liquor and tobacco were eventually allowed to be sold once more. These legal restrictions had a meaningful negative impact on the turnover of all tenants during the financial year, but particularly those in the liquor and hospitality industries.

Against the background of the pandemic-induced limit on trading and the reduced number of office workers travelling to the Port Elizabeth CBD – where Pier 14 is located – as a result of the trend for work-from-home, turnover of tenants for the twelve months declined by 14.1% year-on-year in absolute terms (-22.1% for the six months to August 2020) and by 10.4% on a like-for-like basis (-21.4% for the six months to August 2020), with foot traffic decreasing by 45% over the 12 month period, implying an increase in basket size per shopper of 17%.

Despite the tough trading conditions, the Board is proud to state that total vacancies actually reduced from 11.5% in February 2020 to of 9.2% by February 2021. Retail vacancies increased from 7.2% to 8.6%, offices increased from 12.9% to 14% but vacancies in the residential tower decreased from 52.2% to 6.7% – the result of a focused leasing strategy since completion of the re-development of the office tower into 111 apartments in December 2019.

During the period Castleview gave rental discounts to tenants totalling R4.3m in order to assist tenants through the extremely tough operating period.

Notwithstanding the rental discounts given to tenants, revenue for the period at R49.6m was higher than the comparable period of R45.5m due to the company assuming the full electricity costs at Pier 14, which were previously taken on by a service provider and, in return, benefiting from the recoveries of these costs from tenants. Operating costs primarily increased from the assumption of these electricity costs, together with the debt forgiveness provided to tenants.

As a result of Castleview's debt being unhedged at the beginning of the financial period and the prime interest rate reducing from 9.75% to 7%, finance costs reduced to R12.7m from R15.2m in the comparable period, benefiting the company meaningfully.

Taking into the consideration the loss on fair value adjustment attributable to the investment property of R33.4m, the loss attributable to shareholders for the year was R22.3m.

SA REIT Funds from operations for the period equated to R9.38m or 26.60 cents per share (Feb 2020: 36.33 cents).

Pier 14's valuation decreased from R345.5m to R317.0m during the period following the adverse impact of the trading conditions, the result of which is that the company's net asset value per share has decreased from 515 cents to 437 cents.

Notwithstanding the tough conditions during the period, the property portfolio delivered a healthy cash flow and the balance sheet remains comfortably leveraged, resulting in the Board declaring a distribution for the period of 26.60 cents per share. Shareholders will be offered the opportunity of a share investment alternative, details of which are contained elsewhere in this announcement.

SUMMARY OF FINANCIAL INDICATORS

	28 February 2021	29 February 2020
Shares in issue	**35 264 627**	34 188 520
SA REIT funds from operations per share (cents)***	**26.60**	36.33
Net asset value per share (cents)*	**437**	515
SA REIT Loan-to-value ratio**	**50.5%**	47.1%
SA REIT cost-to-income ratio****	**48.37%**	35.2%

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

** *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*

DIRECTORS' COMMENTARY (continued)

SECTORAL SPLIT, LEASE EXPIRY PROFILE AND VACANCIES

	28 February 2021		29 February 2020	
	GLA	Gross rentals	GLA	Gross rentals
Sectoral split				
Based on:				
Retail	**78.2%**	**80.0%**	78.2%	84.2%
Office	**13.9%**	**10.2%**	13.9%	11.3%
Residential	**7.9%**	**9.8%**	7.9%	4.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Lease expiry profile				
Based on:				
Vacant	**9.2%**	**8.0%**	11.5%	13.5%
Month-to-month	**3.7%**	**3.5%**	1.4%	1.5%
Feb 2022	**25.0%**	**29.4%**	29.9%	26.7%
Feb 2023	**16.0%**	**19.8%**	18.4%	18.7%
Feb 2024	**10.8%**	**12.1%**	15.6%	18.3%
> Feb 2024	**35.3%**	**27.2%**	23.2%	21.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

LOAN FUNDING

Facility	**Approved Loan R'm**	**Amount drawn down at 28 February 2021 R'm**	**Interest rate**
ABSA Bank	**165.0 (Feb 2020: 165.0)**	**154.1 (Feb 2020: 129.6)**	**Prime less 1% (6%) (Feb 2020: Prime less 1% (8.75%))**
Urban Retail Property Investments 1 (URP1)*	**28.4 (Feb 2020: 28.4)**	**9.7 (Feb 2020: 36.6)**	**Prime less 0.25% (6.75%) (Feb 2020: 9.5%)**

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

The ABSA facility is secured by a first mortgage bond and security cessions over the fixed property comprising Pier 14 Shopping Centre. Subsequent to year-end, as announced to shareholders on SENS on 31 March 2021, the ABSA facility 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, and prime less 1 % for facility B.

During the period, the company entered into interest rate swap agreements with ABSA Bank, such that finance costs on R123.75m of the ABSA Bank loan has been effectively fixed in two tranches expiring in April 2024 and April 2025 at a weighted all-in rate of 6.98%.

PROPERTY ACQUISITION

As announced on SENS on 16 February 2021, FEC Prop Proprietary Limited, a 99.9% owned subsidiary of Castleview, concluded an agreement to acquire the property letting enterprise known as Cravenby Shopping Centre for an aggregate purchase consideration of R39 million to be funded by a new debt facility from ABSA Bank.

OUTLOOK

Castleview will continue to focus on a disciplined approach to the management of its existing asset and the growth of the portfolio in order to return growth in capital and income to shareholders. 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. This forecast is the responsibility of the directors of Castleview and has not been reviewed or reported on by the company's external auditors.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2021

	Notes	Reviewed 28 February 2021 R	Audited 29 February 2020 R
ASSETS			
Non-current assets			
Investment property	3	**310 560 482**	338 798 677
Derivatives	4	**1 967 663**	–
Operating lease asset		**6 058 155**	6 701 323
		318 586 300	345 500 000
Current assets			
Trade and other receivables		**4 508 626**	3 223 413
Operating lease asset		**429 368**	–
Cash and cash equivalents		**1 803 341**	3 549 206
		6 741 335	6 772 619
Total assets		**325 327 635**	352 272 619
EQUITY AND LIABILITIES			
Equity			
Share capital		**176 567 759**	171 025 800
Accumulated (loss) profit		**(22 726 375)**	5 064 936
Non-controlling interest		**158 670**	189 831
		154 000 054	176 280 567
Liabilities			
Non-current liabilities			
Loan from parent company	5	**–**	36 063 748
		–	36 063 748
Current liabilities			
Trade and other payables		**7 546 114**	9 760 232
Loan from parent company	5	**9 703 640**	573 099
Mortgage bond	6	**154 077 827_**	129 593 297
Bank overdraft		**–**	1 676
		171 327 581	139 928 304
Total liabilities		**171 327 581**	175 992 052
Total equity and liabilities		**325 327 635**	352 272 619

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	Reviewed TWELVE months ended 28 February 2021 R	Audited TWELVE months ended 29 February 2020 R
Revenue		**49 611 519**	45 492 823
Other operating expenses		**(27 787 794)**	(17 429 982)
Operating profit*		**21 823 725**	28 062 841
Investment income		**27 452**	84 297
Finance costs		**(12 674 578)**	(15 179 776)
(Loss) gain on fair value adjustment	3	**(33 414 282))**	5 776 037
Gain on interest rate swap		**1 967 663**	–
(Loss)/profit before taxation		**(22 270 020)**	18 743 399
Taxation		**–**	1 686 998
(Loss)/profit and total comprehensive (loss)/income for the year		**(22 270 020)**	20 430 397
(Loss)/profit and total comprehensive (loss)/income attributable to:			
Owners of the parent		**(22 249 352)**	20 405 272
Non-controlling interest		**(20 668)**	25 125
		(22 270 020)	20 430 397
Earnings per share information (cents per share)			
Basic and diluted earnings per share	7	**(63.82)**	61.36

* *During the period Castleview gave rental discounts to tenants totalling R4.3m in order to assist tenants through the extremely tough operating period. Notwithstanding the rental discounts given to tenants, revenue for the period at R49.6m was higher than the comparable period of R45.5m due to the company assuming the full electricity costs at Pier 14, which were previously taken on by a service provider and, in return, benefiting from the recoveries of these costs from tenants. Operating costs primarily increased from the assumption of these costs, together with the debt forgiveness provided to tenants.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2021

	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 2019	165 000 000	2 611 664	167 611 664	182 658	167 794 322
Profit and total comprehensive income for the year	–	20 405 272	20 405 272	25 125	20 430 397
Issue of shares	6 025 800	–	6 025 800	–	6 025 800
Dividends	–	(17 952 000)	(17 952 000)	(17 952)	(17 969 952)
Reviewed					
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)
Balance at 28 February 2021	176 567 759	(22 726 375)	153 841 384	158 670	154 000 054

* *On 10 June 2020, the board provided shareholders with a share reinvestment alternative in respect of the dividend. The shareholders unanimously elected to re-invest the dividend.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Reviewed 12 months ended 28 February 2021 R	Audited 12 months ended 29 February 2020 R
Cash flows from operating activities		
Cash generated from operations	**18 538 194**	27 299 619
Interest income	**27 452**	84 297
Finance costs	**(6 169 008)**	(11 330 127)
Net cash from operating activities	**12 396 638**	16 053 789
Cash flows from investing activities		
Additions to investment property	**(5 176 087)**	(23 124 176)
Net cash from investing activities	**(5 176 087)**	(23 124 176)
Cash flows from financing activities		
Proceeds from mortgage bond	**36 695 000**	18 868 379
Repayment of mortgage bond	**(17 659 740)**	–
Repayment of loan from parent company	**(28 000 000)**	–
Dividends paid	**–**	(11 926 200)
Net cash from financing activities	**(8 964 740)**	6 942 179
Total cash movement for the year	**(1 744 189)**	(128 208)
Total cash and cash equivalents at the beginning of the year	**3 547 530**	3 675 738
Total cash and cash equivalents at the end of the year	**1 803 341**	3 547 530

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 IFRS and are consistent with those applied in the preparation of the previous year's consolidated annual financial statements, except as described in notes 1.1 and 1.2.

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 2021 have not been audited by the company's independent external auditors.

1.1 Derivatives

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

1.2 Accounting for rental relief discounts

During March 2020 the South African Government imposed a national lockdown and declared a state of disaster in response to the COVID-19 Pandemic. In line with government guidance, our Centre partially closed from 27 March 2020 with only essential tenants being allowed to trade through the "hard-lockdown" period. Gradual re-opening of the stores commenced as lockdown restrictions started easing with most of the tenants able to trade by the third quarter of 2020. We participated in various industry discussion groups which aimed to provide guidance or views on rental relief provided to tenants.

IFRS 16 defines a lease modification as: "a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)".

Castleview provided a discount on rentals due, most of which were in arrears. At the date of the agreement the discounts offered related to previous months that had already been invoiced to tenants.

Where the group as lessor granted rental concessions related to past lease payments, the group has elected to treat these as an impairment of the property debtors (debt forgiveness) and not a lease modification.

1.3 General

The summarised reviewed consolidated financial statements were compiled by Colin Dockrall CA(SA), the financial director.

Total dividends per share for the year amounted to 26.60 cents.

These summarised reviewed consolidated financial statements for the year ended 28 February 2021 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 2021, the group is organised into two operating segments, being retail and residential.

As at 29 February 2020, the group was organised into one main operating segment as the residential conversion at Pier 14 was not yet substantially completed.

Reviewed 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)	2 266 531	(14 497 793)	(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

* *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 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.*

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

2. SEGMENT ANALYSIS (CONTINUED)

Segment information (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 based on the operations of the segment.

Reviewed 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 liabilities that cannot be allocated specifically to the operating segments.*

3. INVESTMENT PROPERTY

	Reviewed 28 February 2021 Carrying value R	Audited 29 February 2020 Carrying value R
Group		
Investment property at fair value	310 560 482	338 798 677
Reconciliation of investment property		
Opening carrying value	338 798 677	309 400 474
Improvements	5 176 087	23 124 176
Fair value adjustment	(33 414 282)	5 776 037
Transfer from property, plant and equipment	–	497 990
Investment property valuation at year end	310 560 482	338 798 677
Operating lease asset	6 487 523	6 701 323
Valuation	317 048 005	345 500 000

Pledged as security

Mortgage bonds have been registered over the entire investment property as security for the ABSA bond (see note 6).

Details of property

Pier 14 shopping centre

A shopping centre located in Port Elizabeth with a GLA of 29 690m^2 and a residential tower comprising of 111 apartments.

The property was valued internally by the directors (2020: independent valuation) using the discounted cash flow of future income streams method.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

3. INVESTMENT PROPERTY (CONTINUED)

The key assumptions used by the directors (2020: independent valuation) in determining the fair value were as follows:

	Reviewed 2021
• Discount rate	15.00%
• Exit cap rate	10.90%
• Expense growth rate	6.00%
• Income growth rate	6.00%
• Discounted cash flow term	10 years

	Audited 2020
• Discount rate	15.50%
• Market cap rate	9.50%
• Expense growth rate	7.00%
• Income growth rate	6.00%
• Discounted cash flow term	10 years

Inter-relationship between key unobservable inputs and fair value measurements

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

- Discount rate was lower/(higher);
- Capitalisation rate was lower/(higher);
- Expected expense growth rate was lower/(higher);
- Expected market rental growth rate was higher/(lower);

	Reviewed 28 February 2021 R	Audited 29 February 2020 R
Amounts recognised in profit and loss for the period		
Rental income from investment property	49 609 664	45 492 823
Direct operating expenses from rental generating property	(23 997 609)	(16 010 174)
	25 612 055	29 482 649

3. INVESTMENT PROPERTY (CONTINUED)

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.

	Reviewed 28 February 2021 R	Audited 29 February 2020 R
Level 3		
Recurring fair value adjustments		
Assets		
Investment property		
Pier 14 Shopping Centre (*)	317 048 005	345 500 000
Level 2		
Derivatives		
Interest rate swaps	1 967 663	–

* *Includes investment property and operating lease asset.*

Reconciliation of asset and liabilities measure at level 3

	Reviewed 28 February 2021 R	Audited 29 February 2020 R
Investment property		
Opening carrying value	345 500 000	313 781 704
Fair value adjustment	(33 414 282)	5 776 037
Movement in operating lease asset	(213 800)	2 320 093
Improvements	5 176 087	23 124 176
Transfer from property, plant and equipment	–	497 990
Total investment property	317 048 005	345 500 000

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:

Reviewed 28 February 2021

Sensitivity analysis	Increase (decrease) in valuation R
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

Audited 29 February 2020

Sensitivity analysis	Increase (decrease) in valuation R
An increase of 100 basis points on the capitalisation rate and discount rate	(32 265 000)
A decrease of 100 basis points on the capitalisation rate and discount rate	39 460 000

4. DERIVATIVES

	Reviewed 28 February 2021 R	Audited 29 February 2020 R
Interest rate swaps	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	20 April 2025

5. LOAN FROM PARENT COMPANY

During the year a voluntary prepayment was made on the shareholder's loan in the amount of R28 million, funded through a drawdown from the ABSA mortgage bond.

The fair value of the loan payable is estimated to approximate its carrying value due to the interest being market related for similar entities and the credit risk of the borrower that has not changed significantly from origination of the loan.

The loan is repayable on 31 December 2021 and negotiations are currently underway regarding the renewal of this loan.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

6. MORTGAGE BOND

	Reviewed 28 February 2021 R	Audited 29 February 2020 R
Held at amortised cost		
ABSA Bank	**154 077 827**	129 593 297

The loan bears interest at the South African prime interest rate less 1%.

During the year, in order to facilitate the company's management of cash flows through the COVID-19 pandemic, approval was granted by the financier for a moratorium of interest payments for a period of 6 months effective 10 May 2020.

Subsequent to year end, the ABSA facility was extended to 10 April 2024, at which point the loan will be repayable in full.

As a result of the extension of this 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.

7. PER SHARE INFORMATION

	Reviewed 28 February 2021 R	Audited 29 February 2020 R
(Loss) profit attributable to shareholders	**(22 249 352)**	20 405 272
(Loss) gain on fair value adjustment	**33 414 282**	(5 776 037)
Non-controlling interest effects of adjustments	**(33 415)**	5 776
Headline earnings	**11 131 515**	14 635 011
Lease straight-lining adjustment	**213 800**	(2 320 091)
Depreciation	**–**	102 361
Gain on interest rate swap	**(1 967 663)**	–
Total non-controlling interest effects of adjustments	**1 754**	2 218
SA REIT funds from operations	**9 379 406**	12 419 499
Number of shares in issue	**35 264 627**	34 188 520
Weighted average number of ordinary shares in issue	**34 863 677**	33 253 985
Earnings per share (c)	**(63.82)**	61.36
Headline earnings per share (c)	**31.93**	44.01
SA REIT funds from operations per share (c)*	**26.60**	36.33
Net asset value per share (c)**	**436.70**	515.06
Distribution per share (c)	**26.60**	32.05

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)

8. RELATED PARTIES

	Reviewed 28 February 2021 R	Audited 29 February 2020 R
Relationship		
Ultimate holding company: Urban Retail Property Investments 1 (Pty) Ltd		
Companies under common directorships: Castleview Asset Managers (Pty) Ltd		
Loan account owing to parent company		
Ultimate holding company	**(9 703 640)**	(36 636 847)
Other receivables owing by companies under common directorships		
Companies under common directorships	**304 762**	304 762
Interest capitalised on loan owing to parent company		
Ultimate holding company	**1 066 794**	3 427 165
Asset management fees paid to companies under common directorships		
Companies under common directorships	**1 707 052**	1 725 544
Compensation to directors and other key management		
Short-term employee benefits	**538 200**	552 000

9. EVENTS AFTER REPORTING PERIOD

As announced on SENS on 16 February 2021, FEC Prop Proprietary Limited, a 99.9% owned subsidiary of Castleview, concluded an agreement to acquire the property letting enterprise known as Cravenby Shopping Centre for an aggregate purchase consideration of R39 million to be funded by a new debt facility from ABSA Bank.

Subsequent to year-end, as announced to shareholders on SENS on 31 March 2021, the ABSA facility 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).

On 8 March 2021, Castleview One (Pty) Ltd purchased the minority shareholding of FEC Prop (Pty) Ltd, and consequently holds 100% of FEC Prop (Pty) Ltd.

10. PAYMENT OF DIVIDEND

The board approved and notice is hereby given of the final gross dividend of 26.60 cents per share for the six months ended 28 February 2021.

A circular providing further information in respect of the cash dividend and share reinvestment alternative will be sent to Castleview shareholders on Wednesday, 26 May 2021.

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	**2021**
Circular and form of election posted to shareholders and announced on SENS	Wednesday, 26 May
Finalisation information including the share ratio and reinvestment price per share published on SENS by 11:00 (SA time)	Monday, 7 June
Last day to trade in order to participate in the election to receive the dividend reinvestment alternative or to receive a cash dividend ("LDT")	Monday, 14 June
Shares trade *'ex'* dividend	Tuesday, 15 June
Listing of maximum possible number of shares under the dividend reinvestment alternative	Friday, 18 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, 18 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, 18 June
Results of cash dividend and dividend reinvestment alternative published on SENS	Monday, 21 June
Cash dividend paid to certificated shareholders by electronic funds transfer on or about	Monday, 21 June
Accounts credited by CSDP or broker to dematerialised shareholders with the cash dividend payment	Monday, 21 June
Share certificates posted to certificated shareholders on or about	Wednesday, 23 June
Accounts updated with the new shares (if applicable) by CSDP or broker to dematerialised shareholders	Wednesday, 23 June
Adjustment to shares listed on or about	Thursday, 24 June

Notes:

1. 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.

2. Shares may not be dematerialised or rematerialised between Tuesday, 15 June 2021 and Friday, 18 June 2021, both days inclusive.

3. 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 26.60000 cents per share.

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.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

10. PAYMENT OF DIVIDEND (CONTINUED)

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

Castleview 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 26.60000 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 Castleview 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 Castleview 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.

- 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 21.28000 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.

SIGNIFICANT FINANCIAL STATEMENT NOTES (continued)

10. PAYMENT OF DIVIDEND (CONTINUED)

Tax implications (continued)

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 26.60000 cents per share.

Other information:

- The ordinary issued share capital of Castleview is 35 264 627 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
26 May 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)

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 # 15196

castleview.co.za