

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 the JSE)
("Castleview")



ACQUISITION OF CRAVENBY SHOPPING CENTRE

1. INTRODUCTION AND RATIONALE

Shareholders are advised that FEC Prop Proprietary Limited, a 99.9% owned subsidiary of Castleview ("FEC") has concluded an agreement to acquire the property letting enterprise known as Cravenby Shopping Centre (the "**property**") from FPG Holdings Proprietary Limited (the "**seller**") for an aggregate purchase consideration of R39 million (inclusive of VAT at 0%) (the "**purchase consideration**") (the "**transaction**").

Convenience shopping centres have shown resilience amidst the coronavirus pandemic and Castleview believes its portfolio expansion should be focused on this asset class. The transaction provides Castleview with an opportunity to diversify its property portfolio, through the acquisition of a very resilient convenience shopping centre, anchored by Shoprite.

2. TERMS OF THE TRANSACTION

The purchase consideration will be paid in cash by FEC on the date of registration of transfer of the property into the name of FEC (the "**transfer date**"). If the transfer date occurs after 1 April 2021 as a result of any delays by FEC, FEC will pay interest to the seller on the purchase price, calculated at a rate of 0.57% per month from 1 April 2021.

The transaction is subject to the fulfilment (or waiver) of the following conditions precedent:

- FEC obtaining mortgage finance of not less than R32 million over the property; and
- FEC obtaining a letter of intent from Shoprite Checkers, confirming its interest in placing a Shoprite Liquor shop at the property.

The agreements relating to the transaction contain undertakings, warranties and conditions which are normal for a transaction of this nature.

3. PROPERTY SPECIFIC INFORMATION

Property name	Cravenby Shopping Centre
Location	Goodwood, Cape Town, Western Cape
Sector	Retail
Total GLA	3 301 m ²
Weighted average rental per m² per month	R113.00
Purchase consideration	R39 000 000

The purchase consideration is considered to be in line with the fair market value of the property, as determined by the directors of the Company. The directors of the Company are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.

4. FINANCIAL INFORMATION

Set out below is the forecast financial information of the acquisition ("**the forecast**") for the 11 months ending 28 February 2022 and the year ending 28 February 2023 ("**the forecast period**").

The forecast has been prepared on the assumption that the acquisition will be implemented on 31 March 2021 and comprises forecast results only for the duration of the forecast period.

The forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the company. The forecast has been prepared in accordance with the company's accounting policies, which are in compliance with International Financial Reporting Standards, and the JSE Listings Requirements. The forecast has not been reviewed or reported on by independent reporting accountants.

		Forecast for the 11 months ending 28 February 2022 (R)	Forecast for the year ending 28 February 2023 (R)
Rental revenue	Note 1	4 086 929	4 757 308
Recoveries		472 646	547 457
Revenue		4 559 575	5 304 765
Operating costs		1 133 605	1 313 023
Net property income		3 425 970	3 991 742
Administration costs		180 736	197 167
Transaction costs		767 800	-
Net operating income		2 477 434	3 794 575
Finance cost		2 530 305	2 760 333
Changes in fair value of investment property		-	-
Profit/loss before taxation		(52 871)	1 034 242
Taxation		-	-
Total comprehensive profit/(loss)		(52 871)	1 034 242
Reconciliation of profit to distributable earnings			
Total comprehensive profit/(loss)		(52 871)	1 034 242
Transaction costs added back		767 800	-
Distributable earnings		714 929	1 034 242
Note 1 – Rental revenue			
Contracted		94%	84%
Uncontracted		6%	16%
Total		100%	100%

The forecast incorporates the following material assumptions in respect of revenue and expenses:

- The forecast is based on information derived from lease contracts, historical information, budgets and additional information provided by the seller.
- Rental revenue has been forecast on a lease-by-lease basis.
- Contracted rental revenue comprises rental based on existing lease agreements, including stipulated increases, all of which are valid and enforceable.
- Uncontracted revenue comprises rental from leases expiring during the forecast period which are assumed to renew at current market rates unless the lessee has indicated its intention to terminate the lease. Such revenue is classified as uncontracted rental revenue from the date of expiry of the lease.
- Material tenant recoveries are electricity, water, rates and operating levies, which have been forecast based on a recovery percentage, which is in line with historic trends, and the related forecast expense.
- A finance cost has been recognised for the additional interest-bearing liabilities raised of R39 767 800 to fund the cash portion of the purchase consideration and transaction costs, based on an assumed cost of debt at 7%
- No fair value adjustment is recognised.
- Transaction costs of R767 800 are expensed in accordance with IFRS 3 Business Combinations
- There will be no unforeseen economic factors that will affect the lessee's ability to meet their commitments in terms of existing lease agreements.

5. CATEGORISATION OF THE TRANSACTION

The transaction is classified as a category 2 transaction in terms of the JSE Listings Requirements and as such is not subject to shareholder approval.

16 February 2021

Designated advisor

The logo for JAVACAPITAL, featuring the word "JAVACAPITAL" in a sans-serif font. A blue horizontal line is positioned above the letters "A", "V", and "A", and a blue curved line sweeps under the "A" and "P" characters.