



Castleview Property Fund Limited

(formerly K2017290413 (South Africa) Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2017/290413/06)

(Approved as a REIT by the JSE)

(JSE share code: CVW)

(ISIN: ZAE000251633)

("Castleview" or "the company")

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 6 of this pre-listing statement have, where appropriate, been used on these cover pages.

This pre-listing statement is not an invitation to the public to subscribe for shares, but is issued in compliance with the Listings Requirements of the JSE, for the purpose of providing information to the public with regard to the company and is issued in respect of the listing of all the shares of the company in the "Retail REITs" sector of the JSE.

On listing:

- the authorised share capital of the company will comprise 1 billion ordinary shares of no par value;
- the issued share capital of the company will comprise 33 000 000 ordinary shares of no par value; and
- there will be no treasury shares in issue.

On listing on the JSE, the anticipated market capitalisation of the company, based on an indicative value of R5.00 per share will be approximately R165 000 000.

On listing, all of the shares of Castleview will rank *pari passu* in respect of all rights.

The JSE has, subject to the attainment of the minimum spread, granted Castleview a listing on the ALTx of all of its issued ordinary shares in the "Retail REITs" sector of the JSE, in terms of the FTSE classification, under the abbreviated name: "Castleview", JSE share code: CVW and ISIN: ZAE000251633 with effect from the commencement of trade on Wednesday, 20 December 2017.

The directors, whose names are given in paragraph 3 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this pre-listing statement contains all information required by law and the Listings Requirements.

Each of the corporate advisor and designated advisor, the independent reporting accountants and auditors, the attorneys, the independent property valuer, the banker, the company secretary and the transfer secretaries whose names are included in this pre-listing statement have consented in writing to act in the capacities stated and to their names appearing in this pre-listing statement and have not withdrawn their consent prior to the publication of this pre-listing statement.

An abridged version of this pre-listing statement will be published on SENS on Wednesday, 13 December 2017.

Corporate advisor and designated advisor

Independent property valuer

Independent reporting accountant and auditors

Legal advisor

Date of issue: Wednesday, 13 December 2017

This pre-listing statement is available in English only. Copies of this pre-listing statement may be obtained from the registered office of the company or the transfer secretaries or Java Capital whose addresses are set out in the "Corporate Information" section of this pre-listing statement from Wednesday, 13 December 2017 to Wednesday, 20 December 2017 and the company's website at www.castleview.co.za.

CORPORATE INFORMATION

Registered office

Castleview Property Fund Limited
(Registration number 2017/290413/06)
411 The Hills, Buchanan Square
160 Sir Lowry Road
Woodstock
Cape Town, 7925
(PO Box 55240, Sunset Beach, Cape Town, 7435)

Corporate advisor

Java Capital Proprietary Limited
(Registration number 2002/031862/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Legal advisor

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Independent property valuer

Mills Fitchet Magnus Penny Proprietary Limited
(Registration number 1996/004736/07)
Suite 303, 3rd Floor, Newspaper House, 122 St.
George's Mall, Cape Town, 8001
(PO Box 4442, Cape Town, 8000)

Bankers

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandown, Sandton
Johannesburg,
2196
(PO Box 785700, Sandton, 2146)

Forward-looking statements

This pre-listing statement includes forward-looking statements. Forward-looking statements are statements including, but not limited to, any statements regarding the future financial position of the group and its future prospects. These forward-looking statements have been based on current expectations and projections about future results which, although the directors believe them to be reasonable, are not a guarantee of future performance.

Company secretary

Statucor Proprietary Limited
(Registration number 1989/005394/07)
2nd Floor, Block D, The Boulevard
Searle Street
Woodstock
Cape Town, 7925
(PO Box 3883, Cape Town, 8000)

Designated advisor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Independent Reporting Accountants and auditors

Nolands Jhb Inc
(Registration number 2006/008947/21)
Unit A, 363 Surrey Avenue
Ferndale,
Randburg, 2194
(PO Box 2971 Pinetown, 2123)

Transfer secretaries

Link Market Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Place and date of Incorporation

Incorporated in South Africa on 6 July 2017

TABLE OF CONTENTS

The definitions and interpretations commencing on page 6 of this pre-listing statement have been used in the following table of contents.

	<i>Page</i>
Corporate information	Inside front cover
Salient features	3
Important dates and times	5
Definitions and interpretations	6
Pre-listing statement	
Section One – Information on Castleview	
1. Overview and background	9
2. Prospects	10
3. Directors	10
4. Material third parties	12
5. Major and controlling shareholders	13
Section Two – Details of the property	
6. Summary of the property portfolio	14
7. Analysis of the property	14
8. Valuation report	15
9. Property, assets and business undertakings acquired or to be acquired	15
10. Vendors	15
11. Property, assets and business undertakings disposed or to be disposed of	16
12. Considerations relating to Castleview being approved as a REIT	16
Section Three – Financial information	
13. Forecast statements of comprehensive income	18
14. Consolidated <i>pro forma</i> statement of financial position	18
15. Historical financial information	18
16. Share capital	18
17. Adequacy of capital	19
18. Dividend distributions	19
19. Material commitments, lease payments and contingent liabilities	19
20. Material borrowings	19
21. Loans receivable	19
22. Material changes	19

Section Four – Additional material information

23. Material contracts	20
24. Commissions paid or payable	20
25. Exchange Control Regulations	20
26. Advisors' interests	21
27. Statement as to listing on the JSE	21
28. Government protection and investment encouragement law	21
29. Corporate governance	21
30. Litigation statement	21
31. Directors' responsibility statement	21
32. Consents	21
33. Preliminary expenses and issue expenses	22
34. Documents available for inspection	22
Annexure 1 Group structure	23
Annexure 2 Details of subsidiaries	24
Annexure 3 Information on the directors of the company	25
Annexure 4 Current and past directorships and partnerships	28
Annexure 5 Extracts from the MOI	30
Annexure 6 Extracts of the asset management agreement	38
Annexure 7 Material contracts	46
Annexure 8 Details of the property portfolio	48
Annexure 9 Independent valuer's abridged valuation report	49
Annexure 10 Details of acquisitions and vendors	55
Annexure 11 Forecast statement of comprehensive income of the Castleview group	56
Annexure 12 Independent reporting accountants' limited assurance report on the forecast statements of comprehensive income of the Castleview group	58
Annexure 13 Consolidated <i>pro forma</i> statement of financial position of the Castleview group	61
Annexure 14 Independent reporting accountants' limited assurance report on the consolidated <i>pro forma</i> statement of financial position of Castleview	64
Annexure 15 Review conclusion on the valuation and existence of the assets and liabilities acquired by Castleview	66
Annexure 16 Historical financial information of Castleview	68
Annexure 17 Independent auditors' report on the historical financial information of Castleview	79
Annexure 18 Capital structure	81
Annexure 19 Material borrowings	83
Annexure 20 Corporate governance statement	84

SALIENT FEATURES

The information set out in this section of the pre-listing statement is only an overview and is not intended to be comprehensive. It should be read in conjunction with the information contained in other sections of this pre-listing statement, to gain a comprehensive overview of the Castlevue group.

1. INTRODUCTION

Castlevue was registered and incorporated on 6 July 2017 as a private company and converted into a public company on 2 November 2017.

Castlevue is a property holding and investment company that is, through its major subsidiary, FEC Prop, invested in a well-located regional shopping centre in the Eastern Cape, with a strategy of investing in a diversified portfolio of retail properties in South Africa, providing exposure to consumers from a cross-section of income categories.

2. OVERVIEW AND BACKGROUND

Castlevue, through its major subsidiary, FEC Prop, which is newly acquired, holds the property.

The property is a long-term capital asset that the company believes has significant value and upside. Details of FEC Prop and the property are set out in **Annexure 2** and **Annexure 8** respectively.

3. INVESTMENT AND GROWTH STRATEGY

Castlevue will be a retail-focussed fund and intends to invest in a diversified portfolio of retail properties in South Africa, providing investors with exposure to consumers from a cross-section of income categories. Castlevue intends to invest in retail properties which are anchored by high quality national tenants on long term, escalating turnover rental leases.

Castlevue intends to grow its asset base by approaching existing retail centre owners who wish to convert their existing physical property holdings into tradable shares in a JSE-listed REIT, thereby increasing the size and tradability of Castlevue shares and also providing greater portfolio diversification.

Castlevue does not intend to engage in new property developments initially but will seek to add value to its existing property portfolio through refurbishments and extensions where possible.

Whilst Castlevue is listed as a REIT (and will comply in full with the requirements to maintain REIT status), which allows for an efficient flow-through of income, its focus will be on net asset value and total return on investment, for which a growing NAV and healthy income stream is required. Accordingly, Castlevue will focus on both income and capital growth as part of its growth strategy.

4. PROSPECTS

Castlevue is a retail REIT which will be listed on the ALT^X on Wednesday, 20 December 2017.

Historically, the retail property sector has been one of the outperformers in the South African market for a number of years, with government grants underpinning consumer spending, notwithstanding tougher economic conditions. Castlevue (and its subsidiaries) will be a retail-focused fund and intends to invest in a diversified portfolio of retail properties, anchored by high quality national tenants on long term, escalating turnover rental leases.

Castlevue owns the Pier 14 Shopping Centre in Port Elizabeth, which was built in 1973 and has 30 347 m² of rentable space. Details of the property are set out in **Annexure 8**.

As set out in **Annexure 11**, the Castlevue group is projecting that the distributable income for the period ended 28 February 2018 will be R4 032 987, which will equate to a distribution of 12 cents per share.

5. STATEMENT AS TO LISTING ON THE JSE

The JSE has, subject to the attainment of the minimum spread, granted Castlevue a listing of all of its issued shares on the ALT^X in the "8672 Retail REITs" sector of the JSE under the abbreviated name: "Castlevue", JSE share code: CVW and ISIN: ZAE000251633 with effect from the commencement of trade on Wednesday, 20 December 2017.

6. FURTHER COPIES OF THE PRE-LISTING STATEMENT

Copies of the pre-listing statement may be obtained between 08:30 and 17:00 on business days from Wednesday, 13 December 2017 to Wednesday, 20 December 2017 at the following places and on the company's website at: www.castleview.co.za.

- **Castleview Limited**

411 The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, 7925.

- **Java Capital Proprietary Limited**

6A Sandown Valley Crescent, Sandown, Sandton, 2196.

- **Link Market Services South Africa Proprietary Limited**

13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001

An abridged version of this pre-listing statement will be released on SENS on Wednesday, 13 December 2017.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this pre-listing statement apply to these important dates and times:

2017

Abridged pre-listing statement released on SENS on	Wednesday, 13 December
Abridged pre-listing statement published in the press	Thursday, 14 December
Listing of shares and the commencement of trading on the JSE (09:00) on	Wednesday, 20 December

Note

1. All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.

DEFINITIONS AND INTERPRETATIONS

In this pre-listing statement and the annexures hereto, unless inconsistent with the context, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the expressions set out in the first column bear the meaning assigned to them in the second column.

“ALT ^x ”	the Alternative Exchange of the JSE;
“acquisition”	the acquisition of 99.9% of FEC Prop which owns Pier 14 through the subscription agreement dated 18 August 2017 and set out in Annexure 7 ;
“asset management agreement”	the agreement dated 20 November 2017 and entered into between Castleview Asset Managers and the company, further details of which are set out in Annexure 6 ;
“asset manager” or “Castleview Asset Managers”	Castleview Asset Managers Proprietary Limited (Registration number 2017/363399/07) (formerly K2017363399 (South Africa) Proprietary Limited), a private company registered and incorporated in accordance with the laws of South Africa;
“board” or “directors” or “board of Castleview”	the board of directors of Castleview as set out in paragraph 3;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Castleview” or “the company”	Castleview Property Fund Limited (Registration number 2017/290413/06), a public company registered and incorporated in terms of the laws of South Africa and to be listed on the JSE;
“Castleview group” or “the group”	collectively, Castleview and its subsidiaries;
“Castleview One”	Castleview One Proprietary Limited (Registration number 2017/290458/07) (formerly K2017290458 (South Africa) Proprietary Limited), a private company registered and incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of the company;
“Castleview shareholders” or “shareholders”	holders of Castleview shares, as recorded in the share register;
“certificated shareholders”	Castleview shareholders who hold certificated shares;
“certificated shares”	Castleview shares which have not yet been dematerialised into the Strate system, title to which is represented by share certificates or other physical documents of title;
“common monetary area”	collectively, South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
“Companies Act”	the Companies Act, 2008 (Act No 71 of 2008), as amended;
“Companies Regulations”	the Companies Regulations, 2011 promulgated in Government Gazette No. 34239 in terms of section 223 of the Companies Act;
“CSDP”	a Central Securities Depository Participant in South Africa appointed by a shareholder for purposes of, and in regard to, dematerialisation and to hold and administer securities or an interest in securities on behalf of a shareholder;
“dematerialisation” or “dematerialised”	the process whereby ownership of shares evidenced by certificated shares and/or some other tangible documents of title are converted to an electronic form as dematerialised shares and recorded in the sub-register of shareholders maintained by a CSDP or broker in South Africa;
“dematerialised shareholders”	Castleview shareholders who hold dematerialised shares;
“dematerialised shares”	Castleview shares having been dematerialised and incorporated into the Strate system, title to which is no longer represented by share certificates or other physical documents of title;

“documents of title”	share certificates, certified transfer deeds, balance receipts and any other documents of title to share acceptable to the board;
“emigrant”	an emigrant from South Africa whose address is outside the common monetary area;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act (Act 9 of 1933), as amended;
“FEC Prop”	FEC Prop Proprietary Limited (Registration number 1969/008329/07) (formerly Gritprop Investments Proprietary Limited), a private company registered and incorporated in terms of the laws of South Africa, a subsidiary of the company;
“GLA”	gross lettable area being the total area of a property that can be rented to a tenant;
“government”	the government of South Africa;
“independent reporting accountants and auditors” or “independent reporting accountants” or “Nolands”	Nolands Jhb Inc. (Registration number 2006/008947/21) a personal liability company duly incorporated in terms of the laws of South Africa, full details of which are set out in the “Corporate information” section;
“independent property valuer” or “Mills Fitchet”	Mills Fitchet Magnus Penny Proprietary Limited (Registration number 1996/004736/07), a private company registered and incorporated in terms of the laws of South Africa, full details of which are set out in the “Corporate information” section;
“IFRS”	International Financial Reporting Standards;
“Java Capital”	collectively, Java Capital Proprietary Limited (Registration number 2012/089864/07), and Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), private companies incorporated and registered in terms of the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“JSE”	Johannesburg Stock Exchange being the exchange operated by the JSE Limited (Registration number 2005/022939/06), licensed as an exchange under the Financial Markets Act (Act 19 of 2012), as amended and a public company registered and incorporated in terms of the laws of South Africa;
“King IV”	the Code of Corporate Practices and Conduct in South Africa representing principals of good corporate governance as laid out in the King Report, as amended from time to time;
“last practical date”	the last date before the finalisation of this pre-listing statement, being Tuesday, 5 December 2017;
“listing”	the listing of all the issued shares of the company in the “Retail REITs” sector of the JSE, expected to be on Wednesday, 20 December 2017;
“Listings Requirements”	the Listings Requirements, as issued by the JSE from time to time;
“m ² ”	square metres;
“major subsidiary”	a major subsidiary as defined in the Listings Requirements, namely a subsidiary that represents 25% or more of the total assets or revenue of the consolidated group;
“MOI”	the memorandum of incorporation of the company, extracts of which are set out in Annexure 5 ;
“own-name dematerialised shareholders”	shareholders holding dematerialised shares and who have instructed their CSDP to hold their shares in their own name on the sub-register of shareholders maintained by a CSDP or broker in South Africa;
“press”	the Business Day newspaper;
“property” or “Pier 14” or “property portfolio”	the property known as Pier 14, comprising the property portfolio, further details of which are set out in Annexure 8 ;

“R” or “Rand” or “ZAR”	the South African Rand, the lawful currency of South Africa;
“REIT”	Real Estate Investment Trust, a company listed on the JSE which has received REIT status in terms of the Listings Requirements;
“shares” or “ordinary shares” or “Castlevision shares”	ordinary shares of Castlevision of no par value;
“SARB”	South African Reserve Bank;
“SENS”	Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company which is registered in terms of the Financial Markets Act responsible for the electronic settlement system of the JSE;
“the/this pre-listing statement”	this pre-listing statement and its annexures thereto dated Wednesday, 13 December 2017;
“transfer secretaries” or “Link Market Services”	Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company registered and incorporated in terms of the laws of South Africa, full details of which are set out in the “Corporate information” section;
“Urban Retail”	Urban Retail Property Investments 1 Proprietary Limited (Registration number 2016/223649/07) a private company, registered and incorporated in terms of the laws of South Africa, the controlling shareholder of the company. Urban Retail is a wholly-owned subsidiary of Investment Property Equity En Commandite Partnership;
“VWAP”	volume weighted average price; and
“yield”	the distribution available to a holder of a share in any financial year divided by the market price of that share.



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(ISIN: ZAE000251633)
("Castleview" or "the company")

Directors of the company

Richard Gordon Volks (*Chairman, independent non-executive director*)
James William Andrew Templeton (*Chief executive officer*)
Elana Kruger (*Financial director*)
Avesh Padayachee (*Independent non-executive director*)
David James Green (*Independent non-executive director*)
Gregory Clifford Bayly (*Independent non-executive director*)

SECTION ONE – INFORMATION ON CASTLEVIEW PROPERTY FUND LIMITED

1. OVERVIEW AND BACKGROUND

1.1 Incorporation and nature of business

Castleview was registered and incorporated on 6 July 2017 as a private company and converted into a public company on 2 November 2017. The registered office address and postal address of the company is set out in the "Corporate Information" section.

Castleview is a property holding and investment company that is, through its major subsidiary, FEC Prop, invested in a well-located regional shopping centre in the Eastern Cape, with a strategy of investing in a diversified portfolio of retail properties in South Africa, providing exposure to consumers from a cross-section of income categories.

1.2 History

Castleview is a newly incorporated company and has been established for the purpose of creating a newly listed company which will acquire and/or develop properties either directly or indirectly through its subsidiaries and accordingly does not have a trading history.

Castleview, through its major subsidiary, FEC Prop, which is newly acquired, holds the property. Pier 14 was acquired by Castleview One, a wholly-owned subsidiary of Castleview, through a subscription for shares in FEC Prop, which owns the property, such that Castleview One owns 99.99% of the issued shares in FEC Prop (its only asset) with effect from 2 October 2017. The salient features of the subscription agreement are set out in **Annexure 7**.

The property is a long-term capital asset that the company believes has significant value and upside. Details of FEC Prop and the property are set out in **Annexure 2** and **Annexure 8** respectively.

1.3 Group structure

The group structure is set out in **Annexure 1**.

1.4 Subsidiaries

The company has 2 subsidiaries, FEC Prop and Castlevue One. The full name, registration number, place of incorporation, date of incorporation, nature of business, amounts owed to Castlevue, issued share capital and the percentage held by Castlevue of the company's major subsidiaries are set out in **Annexure 2**.

1.5 Investment and growth strategy

The Castlevue group owns the Pier 14 Shopping Centre in Port Elizabeth, which was built in 1973 and has 30 347 m² of rentable space.

Castlevue will be a retail-focused fund and intends to invest in a diversified portfolio of retail properties in South Africa, providing investors with exposure to consumers from a cross-section of income categories. Castlevue intends to invest in retail properties which are anchored by high quality national tenants on long term, escalating turnover rental leases.

Castlevue intends to grow its asset base by approaching existing retail centre owners who wish to convert their existing physical property holdings into tradable shares in a JSE-listed REIT, thereby increasing the size and tradability of Castlevue shares and also providing greater portfolio diversification.

Castlevue does not intend to engage in new property developments initially but will seek to add value to its existing property portfolio through refurbishments and extensions where possible.

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Historically, the retail property sector has been one of the outperformers in the South African market for a number of years, with government grants underpinning consumer spending, notwithstanding tougher economic conditions. Castlevue (and its subsidiaries) will be a retail-focused fund and intends to invest in a diversified portfolio of retail properties, anchored by high quality national tenants on long term, escalating turnover rental leases.

Castlevue owns the Pier 14 Shopping Centre in Port Elizabeth, which was built in 1973 and has 30 347 m² of rentable space. Details of the property are set out in **Annexure 8**.

As set out in **Annexure 11**, the Castlevue group is projecting that distributable income for the year ended 28 February 2018 will be R4 032 987, which will equate to a distribution of 12 cents per share.

3. DIRECTORS

3.1 Directors of the company

The board comprises 6 directors of whom 4 are non-executives (all of whom are independent) and 2 are executive. The positions of chairman of the board and that of chief executive officer are separate, with the chairman being an independent non-executive director. The chairman oversees the board's functioning, and the chief executive officer leads the executive team and attends to the day-to-day functions of the business. Elana Kruger has been appointed as the executive financial director. The board of directors have considered and satisfied themselves of the appropriateness of the expertise and experience of the executive financial director.

The full names, ages, nationalities, business addresses, qualifications, and capacities of the directors of the company are outlined below:

Name and age	James William Andrew Templeton (James) (44)
Business address	411 The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, 7925
Qualification	BComm (Hons) CFA
Position	Chief executive officer
Experience	James was employed at Barnard Jacobs Mellet, a prominent South African stockbroker from 1996 to 2003 where he covered various sectors including real estate. James was the chief executive officer of Emira Property Fund, a JSE listed REIT, from 2004 to 2015. James was appointed as a director of the company on 6 July 2017.

Name and age	Elana Kruger (36)
Business address	411 The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, 7925
Qualification	BCompt (Hons) CA(SA)
Position	Financial director
Experience	Elana started her career as an audit supervisor at Cape Town accounting firm Nolands in 2006. After spending a year as an audit senior at Haysmacintyre in London in 2007, she spent seven years at ALT ^x listed Ububele Holdings, firstly as group financial manager and later as financial director between 2008 and 2014. She currently provides consulting services to a variety of clients and will assume the position of financial director of Castlevue.
Name and age	Richard Gordon Volks (Richard) (76)
Business address	8th Floor, 5 St George's Mall, Cape Town
Qualification	BA, LLB
Position	Chairman, independent non-executive director
Experience	Richard was lead property finance attorney for Syfrets Bank and Syfrets Trust between 1984 and 2000 and was also the chairperson of the board for admission of attorneys. He is currently employed as a partner at Smith Tabata Buchanan Boyes specialising in a variety of matters including: Estate planning and Trusts, Conveyancing, commercial, corporate and property law.
Name and age	Avesh Padayachee (36)
Business address	1 Oyster Catcher, 6 Cambridge Road, Bryanston, Johannesburg, 2196
Qualification	BComm, LLB, MBA
Position	Independent non-executive director
Experience	Avesh was a corporate attorney at Webber Wentzel (Linklaters) in Johannesburg between 2005 and 2010. From 2010 to 2012 he completed his MBA at University of Pittsburgh, before founding Fibon Energy, a renewable energy company, in 2012, where he is currently chief executive officer and a director.
Name and age	David James Green (David) (55)
Business address	18 Carlow Road, Parkview, Johannesburg, 2093
Qualification	BA, LLB
Position	Independent non-executive director
Experience	David is currently the CEO of ProAfrica Property Services and Chairman of listed AcSION Property Fund. He has been involved in the listed Property arena since 2001 as fund manager for Capital and Centre City property funds which now largely form part of Hyprop. David is an admitted Advocate.
Name and age	Gregory Clifford Bayly (Gregory) (47)
Business address	Pinotage House, Vineyards Office Estate, 99 Jip de Jager Road, Bellville, 7530
Qualification	BAcc, BComm (Hons), LLB ACMA, CGMA
Position	Independent non-executive director
Experience	Gregory is currently the chief investment officer at Southchester Investment Managers. He was previously the portfolio manager at Gryphon Asset Management from 1991 to 2007 where he managed and advised on a variety of properties. Gregory has also worked as an outsourced portfolio manager for various asset management companies from 2009 to 2011.

All of the directors are South African nationals.

3.2 Directors of major subsidiaries

- 3.2.1 The company has two major subsidiaries, FEC Prop and Castlevue One, details of which are set out in **Annexure 2**.
- 3.2.2 James Templeton and Elana Kruger are the directors of the major subsidiaries.
- 3.2.3 The full names, ages, business addresses, qualifications, capacities and positions of James Templeton and Elana Kruger are set out in paragraph 3.1 above.

3.3 Additional information related to the directors

- 3.3.1 **Annexure 3** contains the following information:
 - 3.3.1.1 interests in shares and transactions;
 - 3.3.1.2 interests of directors and promoters;
 - 3.3.1.3 directors' emoluments;
 - 3.3.1.4 borrowing powers of directors; and
 - 3.3.1.5 directors' declarations.
- 3.3.2 **Annexure 4** contains details of directors' other directorships and partnerships in the previous five years.
- 3.3.3 The executive directors have not entered into service contracts with the company. The executive directors have been permanently seconded to the company in terms of the asset management agreement, further details of which are set out in **Annexure 6**.
- 3.3.4 The provisions of the MOI with regard to the following are set out in **Annexure 5**:
 - 3.3.4.1 qualification of directors;
 - 3.3.4.2 remuneration of directors;
 - 3.3.4.3 any power enabling the directors to vote remuneration to themselves or any member of the board;
 - 3.3.4.4 the borrowing powers exercisable by the directors and how such borrowing powers can be varied; and
 - 3.3.4.5 retirement or non-retirement of directors under an age limit.

3.4 Founder of Castlevue

Castlevue was founded by James Templeton. Details of James' full names, age, business address, qualifications, positions and experience are set out in paragraph 3.1 above.

4. MATERIAL THIRD PARTIES

4.1 Asset management

The asset manager has been appointed to manage the property portfolio.

Extracts of the asset management agreement, including the functions of the asset manager, the fees payable to the asset manager and termination in terms of the asset management agreement, are set out in **Annexure 6**, with the full terms of the asset management agreement being available for inspection in terms of paragraph 34.

James Templeton, the chief executive officer of Castlevue, is the sole director and shareholder of the asset manager. The full names, ages, business addresses, qualifications, capacities and positions of James Templeton are set out in paragraph 3.1 above.

The chief executive officer of Castlevue, James Templeton, and the financial director of Castlevue, Elana Kruger, will be permanently seconded by the asset manager and will perform their duties and functions under the supervision of the asset manager in terms of the asset management agreement.

The registered address of the asset manager is 411 The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, 7925.

4.1.1 Duration of the asset management agreement

As detailed in clause 5 of the asset management agreement, the asset manager will manage the property portfolio for an initial period of 10 years (the “**initial term**”) after which the asset management agreement shall be renewable for a further period of five years from the expiry date and thereafter for further consecutive periods of five years. (“**renewal period**”). Any such renewal of the asset management agreement must be approved by an ordinary resolution of disinterested Castlevue shareholders at a general meeting of shareholders.

In accordance with the Listings Requirements, the shareholders of the company may, by an ordinary resolution approved by the majority of disinterested shareholders cancel the asset management agreement. Such termination will be subject to six months written notice to the asset manager.

4.1.2 Asset management fee

For the asset management services, the asset manager will, with effect from the listing, be entitled to the following fees:

4.1.2.1 a monthly fee equal to the applicable fee, being 0.5% of the enterprise value (being an amount equal to the market capitalisation plus all borrowings); and

4.1.2.2 a transaction fee equal to 1% of the value of any new assets acquired by the company whilst the agreement is still in force.

4.2 Relationship information

4.2.1 Other than James Templeton’s interest in the asset manager, as set out in paragraph 4.1 above, the directors of Castlevue, the directors of its subsidiaries and the promoters did not have any beneficial interests, direct or indirect, in relation to any property held or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.

4.2.2 There is no relationship between any parties mentioned in paragraphs 3 and paragraph 4 of the pre-listing statement and another person that may conflict with a duty to the group.

4.2.3 Save as set out in paragraph 4.1 above neither the asset manager, nor its members have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties in the property portfolio.

4.2.4 The vendors did not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of the property.

4.2.5 The directors of the company, the director of the asset manager and the promoters have not had a material beneficial interest in the acquisition or disposal of any properties of the company during the two years preceding the date of the valuation of such properties being 1 October 2017.

5. MAJOR AND CONTROLLING SHAREHOLDERS

Set out below are the names of shareholders, other than directors, that are directly or indirectly beneficially interested in 5% or more of the issued shares of Castlevue prior to and as at the time of the listing. Where these are associates of directors of the company, this has been indicated.

Name of shareholder	Number of shares held directly	Number of shares held indirectly	Total number of shares	% of shares in issue
Urban Retail	29 700 000	–	29 700 000	90.00
Total	29 700 000	–	29 700 000	90.00

5.1 As at the last practical date, Urban Retail is the controlling shareholder and it is anticipated that following the implementation of the listing Urban Retail will remain the controlling shareholder of Castlevue.

5.2 At the time of listing, Castlevue shares will have very low liquidity. As the company grows and acquires more retail properties, in line with its growth strategy, it intends raising capital through the issuance of further Castlevue shares, thereby increasing the liquidity of Castlevue shares.

SECTION TWO – DETAILS OF THE PROPERTY

6. SUMMARY OF THE PROPERTY PORTFOLIO

As at the last practical date, the group owns 1 retail property valued at R315 million, with a GLA of approximately 30 437 m². Further information in respect of the property appears in **Annexure 8**.

7. ANALYSIS OF THE PROPERTY

An analysis of the property as at 31 October 2017 is provided in the tables below.

7.1 Geographic profile

The property is located in the Eastern Cape.

7.2 Sectoral profile

	By GLA	By rental revenue
Retail	71.1%	77.4%
Office	28.9%	22.6%
Total	100.0%	100.0%

7.3 Tenant profile

	By GLA
A	71.4%
B	18.0%
C	10.6%
Total	100.0%

For the tenant profile table, the following key is applicable:

- A. Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. These include, *inter alia*, Shoprite, FNB, Standard Bank, Nedbank, The Department of Mineral Resources, Private Security Industry Regulatory Authority.
- B. Smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms.
- C. Other local tenants and sole proprietors. These include approximately 39 tenants.

7.4 Vacancy profile

3.6% of the GLA is currently vacant as at 31 October 2017. The vacancy profile by sector is set out below:

	By GLA
Retail	2.6%
Office	6.1%
Total	3.6%

7.5 Lease expiry profile

	By GLA	By rental revenue
Vacant	3.6%	
28 February 2018	2.1%	3.6%
28 February 2019	22.7%	28.5%
29 February 2020	10.3%	13.0%
28 February 2021	31.0%	27.1%
After 28 February 2021	30.3%	27.8%
Total	100.0%	100.0%

**Based on existing leases as at 31 October 2017.*

7.6 Rental per square metre and rental escalation

The weighted average rental per square metre and weighted average rental escalation is presented in the table below.

Sector	Weighted average rental R/m ²	Weighted average rental escalation %
Retail	110.9	6.3%
Office	79.8	8.4%
Total	101.9	6.6%

7.7 The yield of the property is 10% based on a valuation of R315 million and forecast net property income for the year ending 28 February 2019.

8. VALUATION REPORT

8.1 The property, comprising the property portfolio, was valued by Mike Gibbons of Mills Fitchet, who is an independent external registered professional valuer in terms of the Property Valuers Profession Act, No 47 of 2000.

8.2 A detailed valuation report has been prepared in respect of the property and is available for inspection in terms of paragraph 34. A summary of the valuation report in respect of the property has been included in **Annexure 9**.

9. PROPERTY, ASSETS AND BUSINESS UNDERTAKINGS ACQUIRED OR TO BE ACQUIRED

Other than in respect of the acquisition referred to in **Annexure 10**, no other immovable property and/or fixed assets and/or business undertakings have been acquired by the group since incorporation of the company or are in the process of being or are proposed to be acquired by the group (or which the company has an option to acquire).

10. VENDORS

10.1 Details relating to the vendors of the property, purchased by the group since the date of incorporation of the company or proposed to be purchased are set out in **Annexure 10**.

10.2 The vendors of the property have not guaranteed the book debts of the letting enterprises acquired or to be acquired by the group. The agreements entered into governing the acquisition of the property contain warranties which are usual for transactions of this nature.

10.3 The agreement entered into between the company and the vendor of the property does not preclude the vendors of the property from carrying on business in competition with the company nor does the agreement impose any other restrictions on the vendor of the acquisition properties and therefore no payment in cash or otherwise has been made in this regard.

10.4 There are no liabilities for accrued taxation that will be settled in terms of the agreement with vendor of the acquisition properties.

- 10.5 Save as disclosed in respect of the acquisition set out in **Annexure 7** and **Annexure 10**, Castleview has not purchased any securities in any company.
- 10.6 Save for James Templeton's interest in the asset manager, as set out in paragraph 4.1 above, no promoter or director (or any partnership, syndicate or other association in which a promoter or director had an interest) had any beneficial interest, direct or indirect in any transaction relating to the property, as detailed in **Annexure 10**.
- 10.7 All of the assets acquired have been transferred into the name of the group. The asset referred to in **Annexure 10** has not been ceded or pledged to any party.

11. **PROPERTY, ASSETS AND BUSINESS UNDERTAKINGS DISPOSED OF OR TO BE DISPOSED OF**

No material immovable properties and/or fixed assets and/or business undertakings have been disposed of since incorporation of the company or are intended to be disposed of within six months of listing on the JSE.

12. **CONSIDERATIONS RELATING TO CASTLEVIEW BEING APPROVED AS A REIT**

- 12.1 The JSE has, subject to the attainment of the minimum spread, granted Castleview a listing of all its issued ordinary shares in the "Retail REITs" sector of the JSE, in terms of the FTSE classification "8672: Retail REITs".
- 12.2 With effect from 1 April 2013 a unified system was created for taxing REITs.
- 12.3 The new legislation has been drafted in line with international norms on the basis that the objective of a REIT is to provide investors with a steady rental stream whilst also providing capital growth that flows from the investment in the underlying property.
- 12.4 In order to qualify as a REIT for tax purposes, the entity must be a South African tax resident and its securities must be listed on the JSE as securities in a REIT.
- 12.5 A REIT is entitled to claim a deduction in respect of all qualifying distributions made by it either in the form of dividends or as interest on the debenture portion of a linked unit. The deduction does not apply to any dividends in the form of share buybacks. In order to become a qualifying distribution at least 75% of the gross income received by or accrued to a REIT must consist of rental income. The concept of rental income is not only defined with reference to amounts received or accrued in respect of the use of immovable property such as rental, but also –
 - 12.5.1 a penalty or interest in respect of the late payment of rentals;
 - 12.5.2 a dividend from a company that is a REIT at the time of the distribution of the dividend;
 - 12.5.3 a qualifying distribution from a controlled company; or
 - 12.5.4 a dividend from a property group.
- 12.6 By being able to claim a deduction in respect of these qualifying distributions, the tax liability of a REIT is expected to be minimal.
- 12.7 The consequence of being able to claim a deduction in respect of qualifying distributions is that the dividends distributed by a REIT to resident shareholders will be subject to normal tax and will not be exempt. However, no additional dividends tax will be payable in respect of these distributions which are subject to income tax. With effect from 1 January 2014, dividends that are distributed by a REIT to foreign shareholders are subject to dividends withholdings tax. On 22 February 2017, the dividends withholding tax rate was increased from 15% to 20% and accordingly, 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.
- 12.8 The tax dispensation that applies to REITs also applies to so-called controlled companies. A controlled company is a company that is a subsidiary of a REIT as defined in terms of IFRS. In other words, the requirement is to be determined from an IFRS perspective and not from a company law perspective. For instance, a company can be a subsidiary of a trust in certain circumstances. The effect is that a controlled company can make deductible distributions to the REIT for so long as the 75% rental test is satisfied.
- 12.9 A second category of companies that is relevant for a REIT is that of a property company. This is a company in which 20% or more of the equity shares or linked units are held by a REIT or a controlled company and of which at the end of the previous year of assessment 80% or more of the value of the assets, as reflected in the annual financial statements of such property company for the previous year of assessment is, directly or indirectly, attributable to immovable property. Even though this type of entity is not entitled to deduct distributions, the distributions so received by a REIT from a property company will qualify as rental income if the property company has made distributions in circumstances where it satisfies the 75% rental test.

- 12.10 Pursuant to being classified as a REIT for tax purposes, capital gains or losses that arise in respect of the disposal by a REIT or a controlled company of the following assets are to be ignored for capital gains tax purposes –
- 12.10.1 immovable property;
 - 12.10.2 a share or a linked unit in a company that is a REIT at the time of the disposal; or
 - 12.10.3 a share or a linked unit in a company that is a property company at the time of the disposal.
- 12.11 It is important to note that speculative transactions are still taxable.
- 12.12 The aggregate amount of the deductions that can be claimed by a REIT in respect of a qualifying distribution may not exceed the taxable income for that year of assessment of that REIT or the relevant controlled company, before taking into account –
- 12.12.1 any deduction of an amount as envisaged in section 25BB of the Companies Act;
 - 12.12.2 any assessed loss brought forward in terms of section 20 of the Companies Act; and
 - 12.12.3 the amount of taxable capital gain included in taxable income in terms of section 26A of the Companies Act.
- 12.13 Any amount received by or accrued to a REIT or a controlled company in respect of a financial instrument must now be included in the income of the relevant company, whether or not the financial instrument may have been held on capital account. However, this deeming provision does not apply to the disposal of a share or a linked unit in a company that is a REIT, a controlled company, or a property company on the date of disposal.
- 12.14 Both the acquisition and disposal of shares in a REIT are exempt from the payment of securities transfer tax.

SECTION THREE – FINANCIAL INFORMATION

13. FORECAST STATEMENTS OF COMPREHENSIVE INCOME

- 13.1 The forecast statements of comprehensive income of the Castleview group (“forecasts”) for the period ending 28 February 2018 and the year ending 28 February 2019 are presented in **Annexure 11**.
- 13.2 The forecasts must be read in conjunction with the independent reporting accountants’ assurance report on the forecasts which is presented in **Annexure 12**.

14. CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL POSITION

- 14.1 The consolidated *pro forma* statement of financial position of the Castleview group is presented in **Annexure 13**.
- 14.2 The independent reporting accountants’ limited assurance report on the consolidated *pro forma* statement of financial position of the Castleview group is presented in **Annexure 14**.
- 14.3 The independent reporting accountants’ review conclusion on the value and existence of the assets and liabilities acquired by the Castleview group is set out in **Annexure 15**.

15. HISTORICAL FINANCIAL INFORMATION

- 15.1 The audited historical financial information of the Castleview group for the period ended 31 August 2017 is presented in **Annexure 16**.
- 15.2 The independent reporting accountants’ report on the historical financial information is presented in **Annexure 17**.

16. SHARE CAPITAL

- 16.1 The authorised and issued share capital of the company as at the last practical date is set out below:

	Number of shares	R’000
<i>Authorised share capital</i>		
Ordinary shares of no par value	1 000 000 000	–
<i>Issued share capital</i>		
Stated capital – ordinary shares of no par value	33 000 000	165 000
Total	33 000 000	165 000

There are no shares held in treasury.

- 16.2 **Annexure 18** contains the following salient information relating to the authorised and issued share capital:

- 16.2.1 authorisations;
- 16.2.2 rights attaching to shares;
- 16.2.3 options and preferential rights in respect of shares;
- 16.2.4 alterations to share capital;
- 16.2.5 issues or offers of shares; and
- 16.2.6 statement as to listing on stock exchange.

Shareholders are informed that in terms of the loan agreement concluded between the company and Urban Retail, the details of which are set out in **Annexure 19**, the company will, at its election, be entitled to repay the entire amount outstanding in terms of such loan agreement (but not a portion only) through the allotment and issue of new Castleview shares at the listing price or the 5-day VWAP of Castleview shares as at the date of such repayment.

17. ADEQUACY OF CAPITAL

The directors are of the opinion that the working capital available to the Castleview group is sufficient for the group's present requirements, that is, for at least the next 12 months from the date of issue of this pre-listing statement.

18. DIVIDEND DISTRIBUTIONS

18.1 No dividends have been declared by the group to date.

18.2 The company's first distribution period after the listing will be for the period ended 28 February 2018. Thereafter, the company intends making semi-annual dividend distributions, which are expected to be declared for the periods ended 28 February and 31 August.

18.3 Any dividend distributions remaining unclaimed for a period of three years from the declaration date thereof may be forfeited by resolution of the directors for the benefit of the group.

18.4 There are no arrangements in terms of which future dividends distributions are waived or agreed to be waived.

19. MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

Other than the material borrowings set out in **Annexure 19**, there are no other material commitments, lease payments and contingent liabilities.

20. MATERIAL BORROWINGS

20.1 Details of material borrowings advanced to the group as at the last practical date are set out in **Annexure 19**.

20.2 Save as detailed in paragraph 3.1 of **Annexure 18**, none of the material borrowings listed in **Annexure 19** have any redemption or conversion rights attaching to them.

20.3 The company has no loan capital outstanding.

20.4 The group has not entered into any other inter-company financial or other transactions.

20.5 As at the last practical date, the group has not undertaken any off-balance sheet financing.

21. LOANS RECEIVABLE

21.1 No material loans were made by the group as at the last practical date.

21.2 No loans have been made or security furnished by the group for the benefit of any director, manager or associate of any director or manager of the group.

22. MATERIAL CHANGES

Save for as disclosed in the historical financial information set out in **Annexure 16** and the acquisition set out in **Annexure 7**:

22.1 there have been no other material changes in the financial or trading position of the group since Castleview was incorporated; and

22.2 there have been no other changes in the business or trading objects of Castleview since its incorporation.

SECTION FOUR – ADDITIONAL MATERIAL INFORMATION

23. MATERIAL CONTRACTS

Other than the agreements as set out in **Annexure 7** and the loan agreements set out in **Annexure 19**, the group has not entered into any other material contract, being a contract entered into other than in the ordinary course of business, within the two years prior to the date of this pre-listing statement or at any time containing an obligation or settlement that is material to the company at the date of this pre-listing statement.

24. COMMISSIONS PAID OR PAYABLE

24.1 No amount has been paid, or accrued as payable, since incorporation of the company, as commission to any person, including commission so paid or payable to any sub-underwriter that is the holding company or a promoter or director or officer of the applicant, for subscribing or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions for any securities of the company.

24.2 No other commissions, discounts or brokerages have been paid nor have any other special terms been granted in connection with the issue or sale of any shares in the share capital of the company, since incorporation of the company.

24.3 The group is not subject to any royalty agreements and no royalties are payable by the company.

24.4 Other than the asset management agreement set out in paragraph 4.1 above, the group is not subject to any other management agreements.

25. EXCHANGE CONTROL REGULATIONS

The following summary is intended as a guide and is, therefore, not comprehensive. If you are in any doubt hereto, please consult your professional advisor.

25.1 Emigrants from the common monetary area

25.1.1 A former resident of the common monetary area who has emigrated from South Africa may use blocked Rand to purchase shares in terms of the private placement.

25.1.2 All payments in respect of subscriptions for private placement shares by emigrants using blocked Rand must be made through the authorised dealer in foreign exchange controlling the block assets.

25.1.3 Statements issued to dematerialised shareholders will be restrictively endorsed as “NON-RESIDENT”.

25.1.4 If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such applicant’s blocked Rand account.

25.1.5 No residents of the common monetary area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore subsidiaries.

25.2 Applicants resident outside the common monetary area

25.2.1 A person who is not resident in the common monetary area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the private placement.

25.2.2 This pre-listing statement is accordingly not a private placement in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances this pre-listing statement is provided for information purposes only. Statements issued to dematerialised shareholders will be restrictively endorsed as “NON-RESIDENT”.

26. ADVISORS' INTERESTS

The names and business addresses of the company's advisors are set out in the "Corporate Information" section. Statucor is the company secretary whose details are also set out in the "Corporate Information" section. The company's advisors and the company secretary do not have any interests in Castleview shares.

27. STATEMENT AS TO LISTING ON THE JSE

The JSE has, subject to the attainment of the minimum spread, granted Castleview approval for a listing in the "Retail REITs" sector on the JSE under the abbreviated name: "Castleview", JSE share code: CVW and ISIN: ZAE000251633 with effect from the commencement of trade on Wednesday, 20 December 2017.

28. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by the group.

29. CORPORATE GOVERNANCE

The board has set out the corporate governance statement in **Annexure 20**.

30. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the Castleview group is aware, that may have or have had in the recent past, being the previous 12 months, a material effect on the group's financial position.

31. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given in paragraph 3.1 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this pre-listing statement contains all information required by law and the Listings Requirements.

32. CONSENTS

Each of the corporate advisor and designated advisor, the independent reporting accountants and auditors, the attorneys, the independent property valuer, the banker, the company secretary and the transfer secretaries whose names are included in this pre-listing statement have consented in writing to act in the capacities stated and to their names appearing in this pre-listing statement and have not withdrawn their consent prior to the publication of this pre-listing statement.

The independent reporting accountants and auditors and the independent property valuer have consented to the inclusion of their reports in the form and context in which they are included in the pre-listing statement, which consents have not been withdrawn prior to the publication of this pre-listing statement.

33. PRELIMINARY EXPENSES AND ISSUE EXPENSES

The preliminary and issue expenses (excluding VAT) relating to the transaction which have been incurred in the last three years or that are expected to be incurred by the group are presented in the table below.

Capital raising and listing expenses

Expense	Recipient	R
Corporate advisory and sponsor fees	Java Capital	3 200 000
Documentation inspection fee	JSE	150 258
Listing fees	JSE	25 582
REIT fees	JSE	35 333
Printing, publication and distribution costs	Ince Proprietary Limited	100 000
Transfer secretarial fees	Link Market Services	25 000
Legal fees	Cliffe Dekker Hofmeyr Inc	300 000
Company secretarial fees	Statucor	50 000
Valuation fees	Mills Fitchet	100 000
Independent reporting accountant fees	Nolands	225 000
Settlement fees	Strate	25 000
Contingency		63 827
Subtotal		4 300 000

Castleview's share of the listing expenses is R2 753 512. The balance of the listing expenses will be paid by the asset manager.

34. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the company's registered office and at the designated advisor's office during business hours from date of issue of the pre-listing statement up to and including Friday, 5 January 2018:

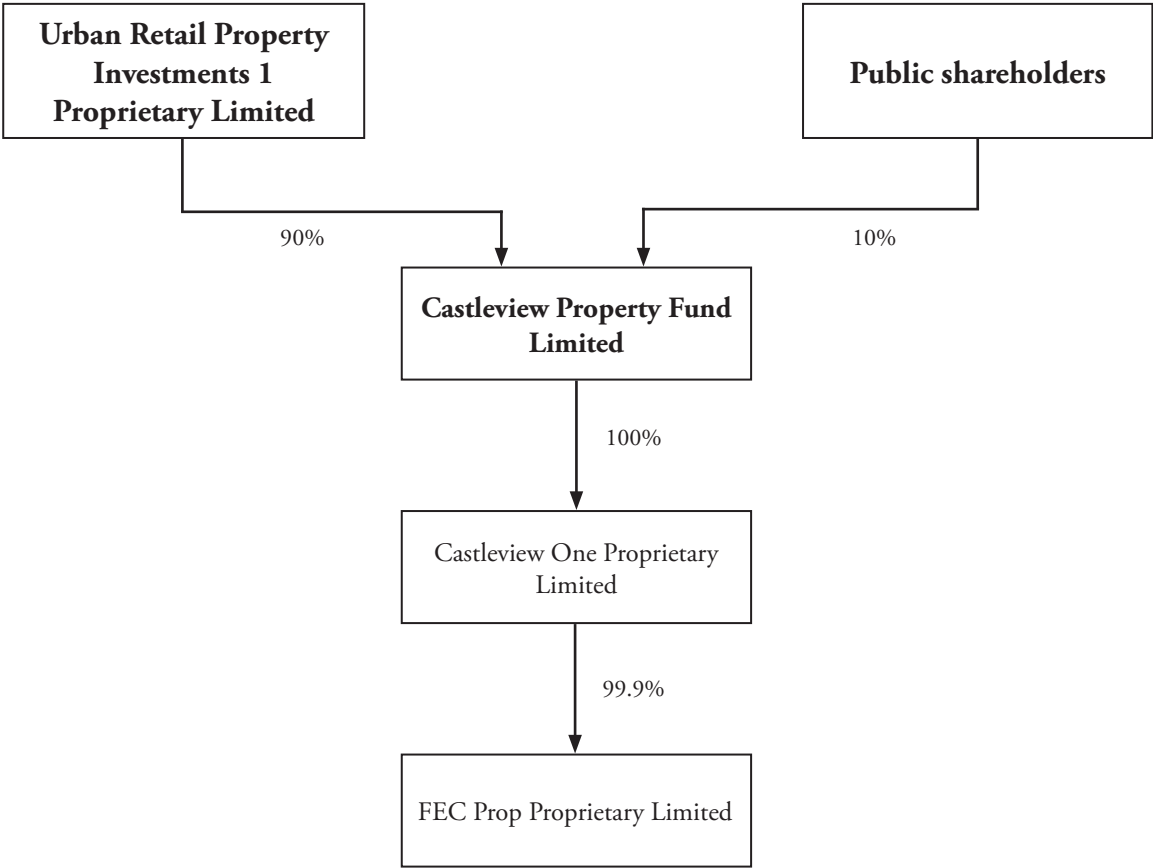
- 34.1 the signed pre-listing statement;
- 34.2 the MOI of the company and its subsidiary;
- 34.3 the material contracts referred to in paragraph 23 above;
- 34.4 the summary valuation report prepared by the independent property valuer as set out in **Annexure 9**;
- 34.5 the detailed valuation reports prepared by the independent property valuer;
- 34.6 the asset management agreement as set out in **Annexure 6**;
- 34.7 the signed reports by the independent reporting accountants and auditors, the facts of which are set out in **Annexure 12, Annexure 14, Annexure 15 and Annexure 17**;
- 34.8 the letters of consent referred to in paragraph 32 above;
- 34.9 the audited financial statements of the Castleview group for the period from incorporation to 31 August 2017;
- 34.10 the audited financial statements of FEC Prop for the year ended 28 February 2017 and six months ended 31 August 2017 together with the independent reporting accountants and auditors' report thereon; and
- 34.11 the written resolutions of the shareholders of the company.

Signed in Paarl by Elana Kruger and on behalf of all of the directors of the company on Wednesday, 6 December 2017 in terms of powers of attorney granted by them.

Elana Kruger

GROUP STRUCTURE

Set out below is the group structure of Castleview.



DETAILS OF SUBSIDIARIES

The following table contains a list, as at the last practical date, of the major subsidiaries undertakings of the company:

No.	Name of company and registration number	Date and place of incorporation	Issued share capital (R)	% held by Castlevue	Nature of business	Date of becoming a subsidiary
1.	FEC Prop Proprietary Limited (1969/008329/07)	29 May 1969 South Africa	97 089 215	99.9%	Investment property holding company	1 October 2017
2.	Castlevue One Proprietary Limited (2017/290458/07)	6 July 2017 South Africa	165 000 000	100%	Investment property holding company	10 August 2017

INFORMATION ON THE DIRECTORS OF THE COMPANY

1. DIRECTORS' INTERESTS

1.1 Directors' interests in Castleview shares

As at the last practical date, none of the directors of Castleview hold any direct or indirect beneficial interest in Castleview shares.

1.2 Directors' interests in transactions

Other than James Templeton's interest in the asset manager, detailed in paragraph 4.1 of the pre-listing statement, none of the directors of the company, including a director of the company who resigned during the last 18 months, has or had any material beneficial interest, direct or indirect, in transactions, that were effected by the group during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

2. INTEREST OF DIRECTORS AND PROMOTERS

2.1 No amount has been paid, or is accrued as payable, within the preceding three years, or is proposed to be paid to any promoter or to any partnership, syndicate or other association of which such promoter is or was a member and no other benefit has been given or is proposed to be given to such promoter, partnership, syndicate or other association within the said period.

2.2 None of the directors and promoters of Castleview have received any material beneficial interest, direct or indirect, in the promotion of the company and its properties as disclosed in **Annexure 10** since incorporation of the company. This includes a partnership, company, syndicate or other association.

2.3 No amount has been paid, or agreed to be paid, since incorporation of the company, to any director of Castleview or to any company in which such director is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), in cash, securities or otherwise, by any person, either to induce him to become, or to qualify him as a director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of the Castleview group.

3. DIRECTORS' EMOLUMENTS

3.1 The directors did not receive any emoluments for the period from incorporation to 15 September 2017, being the date of appointment of the directors, in the form of:

3.1.1 fees for services as a director;

3.1.2 management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, a part of which is then paid to a director of the company;

3.1.3 basic salaries;

3.1.4 bonuses and performance-related payments;

3.1.5 sums paid by way of expense allowance;

3.1.6 any other material benefits received;

3.1.7 contributions paid under any pension scheme; or

3.1.8 any commission, gain or profit-sharing arrangements.

3.2 The emoluments of the directors anticipated to be paid for the year ended 28 February 2018 are set out in the table below:

Director	Basic salaries R	Directors' fees R	Other fees R	Expense allowances R	Pension scheme contributions R	Other material benefits R	Commission gain, or profit sharing arrangements R	Bonuses and other performance payments R	Total R
<i>Executive directors</i>									
James Templeton	120 000	–	–	–	–	–	–	–	120 000
Elana Kruger	180 000	–	–	–	–	–	–	–	180 000
<i>Non-executive directors</i>									
Richard Volks	–	30 000	–	–	–	–	–	–	30 000
Gregory Bayly	–	30 000	–	–	–	–	–	–	30 000
David Green	–	30 000	–	–	–	–	–	–	30 000
Avesh Padayachee	–	30 000	–	–	–	–	–	–	30 000
Total	300 000	120 000	–	–	–	–	–	–	420 000

3.3 Save for the chief executive officer, who is the sole shareholder of the asset manager, and the financial director whose salaries are paid by the asset manager, the directors are remunerated by Castleview.

3.4 No share options or any other right has been given to a director of the company in respect of providing a right to subscribe for shares in Castleview.

3.5 No shares have been issued and allotted in terms of a share purchase or share option scheme for any of the employees.

3.6 Save as set out in paragraph 3.3 above, the directors did not receive any remuneration or benefit in any form from any subsidiary, joint venture or third-party management or advisory company.

3.7 Castleview has not paid any other fees or incurred any fees that are payable to a third party in lieu of directors' fees.

3.8 None of the remuneration received by any of the directors will be varied as a consequence of any transactions.

3.9 Save for the relationship with the asset manager, as set out in paragraph 4 of the pre-listing statement, the business of Castleview, or any part thereof, is not managed or proposed to be managed by any third party under contract or arrangement.

3.10 Other than the fee paid to Statucor in respect of company secretarial services and the asset management fee paid to the asset manager, the company has not entered into any contracts relating to the directors' and managerial remuneration, secretarial and technical fees and restraint payments.

4. BORROWING POWERS

4.1 The Directors may from time to time, borrow for the purposes of the company such sums as they think fit and secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the company. The borrowing powers of the group may not be varied unless a special resolution has been passed by shareholders with the support of 75% of voting rights exercised.

4.2 The borrowing powers have not been exceeded during the previous three years. There are no exchange control or other restrictions on the borrowing powers of Castleview. Further information related to the borrowing powers of directors are set out in **Annexure 5**.

5. PROVISIONS OF THE MOI OF THE SUBSIDIARIES REGARDING THE QUALIFICATIONS AND REMUNERATION OF DIRECTORS

5.1 FEC Prop

5.1.1 There is no shareholding qualification imposed on the directors.

5.1.2 FEC Prop may remunerate its directors for their services as directors, provided that such remuneration must be approved by a special resolution approved by the shareholders within the previous two years. This clause does not apply to remuneration paid to executive directors for their services as employees of FEC Prop.

- 5.1.3 There is no power in the MOI that enables a director to vote remuneration to themselves or any member of the board.
- 5.1.4 The board may authorise the provision of direct or indirect financial assistance to a director of FEC Prop or of a related company in terms of section 45(2) of the Companies Act, subject to meeting the solvency and liquidity test.

5.2 **Castlevision One**

- 5.2.1 There is no shareholding qualification imposed on the directors.
- 5.2.2 Castlevision One may pay remuneration to its directors in accordance with a special resolution approved by the Castlevision One's shareholders within the previous two years.
- 5.2.3 There is no provision in the MOI that enables a director to vote remuneration to themselves or any member of the board.
- 5.2.4 Castlevision One may advance expenses to a director or indemnify a director in respect of liability or the defence of legal proceedings as set out in section 78(3) of the Companies Act. Castlevision One may also purchase insurance to protect the director or itself as set out in section 78(6) of the Companies Act.

6. **DIRECTORS' DECLARATIONS**

None of the directors have been involved in:

- 6.1 any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person;
- 6.2 any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of Section 129(7) of the Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);
- 6.3 any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s);
- 6.4 receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;
- 6.5 any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- 6.6 any offence involving dishonesty committed by such person;
- 6.7 a removal from an office of trust, on the grounds of misconduct and involving dishonesty; and
- 6.8 any court order declaring such person delinquent or placing him under probation in terms of Section 162 of the Act and/or Section 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984) or disqualifying him to act as a director in terms of Section 219 of the Companies Act, 1973 (Act No. 61 of 1973).

CURRENT AND PAST DIRECTORSHIPS AND PARTNERSHIPS

The table below lists the companies and partnerships of which each director of the company or major subsidiary is currently a director or partner as well as the companies and partnerships of which each director of the company or major subsidiary was a director or partner over the five years preceding this pre-listing statement:

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
James Templeton	Castleview Property Fund Limited, Runner Duck Properties Proprietary Limited, Castleview Asset Managers Proprietary Limited, Castleview One Proprietary Limited, FEC Prop Proprietary Limited	Emira Property Fund Limited, No 9 Sturdee Holdings Share Block, Windrifter Share Block, Surgate Share Block, Kenview Share Block, Adamass Investments Proprietary Limited, Strategic Real Estate Managers Proprietary Limited, Azgold Investments Proprietary Limited, Omnicron Investments Proprietary Limited, Backbone Investments Proprietary Limited, Paddy's Pad Proprietary Limited, Arnold Properties Limited, Freestone Property Holdings Proprietary Limited, Lowmer Investments Proprietary Limited, Cape Pointsett Property Investments Proprietary Limited, Micawber 410 Proprietary Limited, Freestone Property Investments Proprietary Limited, Libra Investments 5 Proprietary Limited, Aquarella Investments Proprietary Limited, Menlyn Corporate Park Proprietary Limited, Rapidough Properties 509 Proprietary Limited, Monagon Properties Proprietary Limited, Paxomanzi Proprietary Limited, Charlie Brown Property Holdings Limited, Emira Property Fund Limited, Freestone Management Company Proprietary Limited
Elana Kruger	Castleview Property Fund Limited, Navigate Consulting Services Proprietary Limited, FEC Prop Proprietary Limited	Wasteplan Holdings Limited, Ububele Holdings Limited
Richard Volks	Castleview Property Fund Limited, Chiappini Close No. 6 Proprietary Limited, IPECO Investments South Africa Proprietary Limited, Mangolia Ridge Properties 274 Proprietary Limited, INPRO Electric Espana SL (Incorporated in Spain)	STBB Attorneys Inc, Colab Commodities South Africa Limited
Avesh Padayachee	Castleview Property Fund Limited, Fibon Group Proprietary Limited, Fibon Projects Proprietary Limited, Fibon Renewable Energy Proprietary Limited, Vuselela Transportation, Rail and Logistics Proprietary Limited, Nuwedrift 1 Vredendal Solar PV Proprietary Limited, Fibon Healthcare Proprietary Limited, Fibon Investments Proprietary Limited	Mendi Energy Services Proprietary Limited

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
David Green	Castleview Property Fund Limited, Arthur's Foods Company CC, South African Property Owners Association, Downkew Proprietary Limited, Two Nine Nought Halfway House Proprietary Limited, Leonard Brushware Properties Proprietary Limited, Intagable Assets Proprietary Limited, Burewa Trading 189 Proprietary Limited, Kingsgate Shopping Centre Proprietary Limited, ProAfrica Property Services, Matayo Trading 77 Proprietary Limited, Intergrated Property Solutions (South Africa) Proprietary Limited, Fastpace Warehousing Proprietary Limited, Acsion Limited, Double Flash Investments 202 Proprietary Limited	G and C Shelf 49 Proprietary Limited, Pace Penny Proprietary Limited, Pace Property Group Pretoria Proprietary Limited, Pace Property Group Proprietary Limited, Pace Property Management Proprietary Limited
Gregory Bayly	Castleview Property Fund Limited, Eastlock Proprietary Limited, Northquest Proprietary Limited, Southchester Capital Proprietary Limited, Preferent Capital Investments, Southchester Investment Products Proprietary Limited, Energy Financing Services Proprietary Limited	None

EXTRACTS FROM THE MOI

The MOI of Castleview contains, *inter alia*, provisions with the effect of providing for the appointment, qualification, remuneration and borrowing powers, interests of directors and dividends as set out below:

“4 POWERS OF THE COMPANY

- 4.1 The Company has all of the legal powers and capacity contemplated in the Act, and no provision contained in this Memorandum of Incorporation should be interpreted or construed as negating, limiting, or restricting those powers in any way whatsoever.
- 4.2 Furthermore, the legal powers and capacity of the Company are not subject to any restrictions, limitations or qualifications, as contemplated in section 19(1)(b)(ii).
- 4.3 To the extent that the Act or the JSE Listings Requirements require a company to be expressly authorised by its MOI to do anything, the Company is, by this provision, conferred with the requisite authority to do so, subject to any express limitations set out in this MOI.”

“6 ISSUE OF SHARES AND VARIATION OF RIGHTS

- 6.1 The Company is authorised to issue –
 - 6.1.1 1 000 000 000 Ordinary Shares of no par value, of the same class, each of which ranks *pari passu* (which shall have the meaning ascribed thereto in paragraph 3.29 of the JSE Listings Requirements or any amendments or substitute paragraph in the JSE Listings Requirements) in respect of all rights and entitles the Ordinary Shareholder to –
 - 6.1.1.1 attend, participate in, speak at and vote on any matter to be decided by the Shareholders of the Company, in person or by proxy, and to 1 (one) vote in the case of a vote by means of a poll;
 - 6.1.1.2 participate proportionally in any distribution made by the Company and which is not made to the holders of another class of Shares in accordance with the preference and rights of such class of Shares (and except for the payment in lieu of a capitalisation share as contemplated in section 47(1)(c) and any consideration payable by the Company for any of its own Shares or for any shares of another company within the same group as contemplated in paragraph a(iii) (aa) and a(iii)(bb) of the definition of “distribution” in the Act);
 - 6.1.1.3 receive proportionally the net assets of the Company upon its liquidation; and
 - 6.1.1.4 any other rights attaching to the Ordinary Shares in terms of the Act or any other law; and
 - 6.1.2 such number of each of such further classes of Shares, if any, as are set out in **Annexure A** hereto subject to the preferences, rights, limitations and other terms associated with each such class set out in the schedules hereto.
- 6.2 The Board shall not have the power to –
 - 6.2.1 create any class of Shares;
 - 6.2.2 increase or decrease the number of authorised Shares of any class of the Company’s Shares;
 - 6.2.3 consolidate and reduce the number of the Company’s issued and authorised Shares of any class;
 - 6.2.4 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;
 - 6.2.5 convert one class of Shares into one or more other classes, save where a right of conversion attaches to the class of Shares created;
 - 6.2.6 reclassify any classified Shares that have been authorised but not issued;
 - 6.2.7 classify any unclassified Shares that have been authorised but not issued; or
 - 6.2.8 vary any preference rights, limitations or other terms attaching to any class of shares;

adopted by the Shareholders and (to the extent required) an amendment to the Memorandum of Incorporation.

- 6.3 The Company has the power, subject to the authority of a Special Resolution as contemplated in clause 6.2, to subdivide its Shares of any class. Such subdivision may be effected through a mere splitting of, and consequential increase in, the authorised and issued Shares of the relevant class, and without an issue of new shares and an increase of its capital.
- 6.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share. The variation of any preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be enacted only by an amendment of this Memorandum of Incorporation by Special Resolution of the Ordinary Shareholders. If any amendment of the Memorandum of Incorporation relates to the variation of any preferences, rights, limitation or any other terms attaching to any other class of Shares already in issue, that amendment must not be implemented without a Special Resolution adopted by the holders of Shares of that class at a separate meeting. In such instances, the holders of such Shares will be allowed to vote at the combined general meeting of all Shareholders, subject to clause 23.2. No resolution of Shareholders in respect of such amendment shall be proposed or passed, unless a Special Resolution of the holders of the Shares of that class approves the amendment.
- 6.5 The authorisation and classification of Shares, the creation of any class of Shares, the conversion of one class of Shares into one or more other classes, the consolidation of Securities, the sub-division of Securities, the change of the name of the Company, the increase of the number of authorised Securities, and the variation of any preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by Special Resolution of the Shareholders and in accordance with the JSE Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act.
- 6.6 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied and no such resolution may be proposed to Shareholders for rights to include such variation in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).
- 6.7 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 6.8 The Board may, subject to clauses 6.9 and 6.13, resolve to issue Shares of the Company, Securities convertible into Shares and/or grant options to subscribe for Shares, at any time, but only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation and provided that such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements to the extent required.
- 6.9 Subject to clauses 6.8 and 6.14, the Board may not issue unissued Ordinary Shares unless such Ordinary Shares have first been offered to existing Ordinary Shareholders in proportion to their shareholding of that class of Shares (on such terms and in accordance with such procedures as the Board may in its discretion determine), unless the relevant issue of Ordinary Shares—
- 6.9.1 is a Scrip Dividend; or
 - 6.9.2 is an issue pursuant to a dividend reinvestment plan, in which Ordinary Shareholders are entitled (subject to exclusions by virtue of regulatory constraints) to participate in proportion to their shareholding; or
 - 6.9.3 is a capitalisation issue in accordance with clause 14, on a *pro rata* basis; or
 - 6.9.4 is for the acquisition of assets, is a vendor consideration placing directly or indirectly related to an acquisition of assets, or is an issue for the purposes of an amalgamation or merger; or
 - 6.9.5 is an issue pursuant to options or conversion rights; or
 - 6.9.6 is an issue in terms of an approved share incentive scheme; or
 - 6.9.7 is an issue of shares for cash (as contemplated in the JSE Listings Requirements), which has been approved by the Shareholders by Ordinary Resolution, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares in accordance with the JSE Listings Requirements, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 (fifteen) months from the date of the passing of the Ordinary Resolution, whichever is the earlier and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting; or

- 6.9.8 otherwise falls within a category in respect of which it is not, in terms of the JSE Listings Requirements, a requirement for the relevant Ordinary Shares to be so offered to existing Shareholders; or
- 6.9.9 is otherwise undertaken in accordance with an authority approved by Ordinary Shareholders in general meeting,

provided that if any entitlement to a fraction of a Share arises pursuant to such an offer, all allocations of Securities will be calculated in accordance with the prevailing JSE Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of a confirmation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the foregoing provisions, issue such Shares in such manner as they consider most beneficial to the Company. The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in clause 6.9 if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.

- 6.10 Alterations of share capital, authorised shares and rights attaching to a class/es of Shares, all issues of Shares for cash, and all issues of options and convertible securities granted or issued for cash must, in addition and to the extent applicable, be undertaken in compliance with the JSE Listings Requirements.
- 6.11 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Company for the issuance of such Securities.
- 6.12 Subject to sections 40(5) to 40(7) of the Act, when the Company has received the consideration approved by the Board for the issuance of any Shares —
 - 6.12.1 those Shares are fully paid up; and
 - 6.12.2 the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act.
- 6.13 Notwithstanding anything to the contrary contained in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a Series of Integrated Transactions shall, if and to the extent that this may be required in terms of the provisions of section 41(3), require the approval of the Shareholders by Special Resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or Series of Integrated Transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or Series of Integrated Transactions.
- 6.14 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation (as is set out in clause 6.9), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.”

“23 VOTES OF SHAREHOLDERS

- 23.1 Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with this Memorandum of Incorporation, at a meeting of the Company –
 - 23.1.1 every Ordinary Shareholder present and entitled to exercise voting rights shall be entitled to 1 (one) vote on a show of hands, irrespective of the number of voting rights that Ordinary Shareholder would otherwise be entitled to exercise;
 - 23.1.2 on a poll any Ordinary Shareholder who is Present at the Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Securities held by that Shareholder; and
 - 23.1.3 the holders of Securities other than Ordinary Shares shall not be entitled to vote on any resolution at a meeting of Ordinary Shareholders, except as provided in clause 23.2.
- 23.2 If any resolution is proposed as contemplated in clause 6.4, the holders of such Shares (“**Affected Shareholders**”) shall be entitled to vote at the meeting of Ordinary Shareholders as contemplated in clause 23.1, provided that –
 - 23.2.1 the votes of the Shares of that class held by the Affected Shareholders (“**Affected Shares**”) shall not carry any special rights or privileges and each Affected Shareholder shall be entitled to 1 (one) vote for every Affected Share held; and

- 23.2.2 the total voting rights of all Securities (other than ordinary Shares and any Securities which are special Shares created for the purpose of black economic empowerment in terms of the Broad-based Black Economic Empowerment Act, No 53 of 2004 and the Codes promulgated under such Act (“**BEE Shares**”)) shall not be more than 24.99% (twenty four point nine nine percent) of the total votes (including the votes of the ordinary Shareholders and holders of BEE Shares) exercisable at that meeting (with any fraction of a vote in respect of any Affected Shares held by an Affected Shareholder rounded down to the nearest whole number).”

“24 **PROXIES AND REPRESENTATIVES**

- 24.1 Any Shareholder may at any time appoint any natural person (or two (2) or more natural persons concurrently), including a natural person who is not a Shareholder, as a proxy to –
- 24.1.1 participate in, and speak and vote at, a Shareholders’ meeting on behalf of that Shareholder; or
- 24.1.2 give or withhold written consent on behalf of that Shareholder to a decision contemplated in section 60, provided that a Shareholder may appoint more than 1 (one) proxy to exercise voting rights attached to different Securities held by the Shareholder.”

“25 **SHAREHOLDERS’ RESOLUTIONS**

- 25.1 For an Ordinary Resolution to be approved it must be supported by more than 50% (fifty percent) of the voting rights exercised on the resolution, as provided in section 65(7). Notwithstanding anything to the contrary contained in this Memorandum of Incorporation, to the extent that the JSE Listings Requirements require a higher percentage in respect of any particular Ordinary Resolution, the Company shall not implement such Ordinary Resolution unless the Company has obtained the support of the applicable percentage prescribed in terms of the JSE Listings Requirements.
- 25.2 For a Special Resolution to be approved it must be supported by the holders of at least 75% (seventy five percent) of the voting rights exercised on the resolution, as provided in section 65(9).
- 25.3 No matters, except –
- 25.3.1 those matters set out in section 65(11); or
- 25.3.2 any other matter required by the Act to be resolved by means of a Special Resolution; or
- 25.3.3 for so long as the Company’s securities are listed on the JSE, any other matter required by the JSE Listings Requirements to be resolved by means of a Special Resolution,
- require a Special Resolution of the Company.
- 25.4 In the event that any Shareholder abstains from voting in respect of any resolution, such Shareholder will, for the purposes of determining the number of votes exercised in respect of that resolution, be deemed not to have exercised a vote in respect thereof.”

“27 **COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS**

27.1 **Number of Directors**

- 27.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by Ordinary Resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.
- 27.1.2 All Directors shall be elected by an Ordinary Resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

27.2 **Election of Directors**

- 27.2.1 In any election of Directors –
- 27.2.1.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

- 27.2.1.2 in each vote to fill a vacancy –
 - 27.2.1.2.1 each vote entitled to be exercised may be exercised once; and
 - 27.2.1.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

27.2.2 The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

27.3 Eligibility, Resignation and Rotation of Directors

27.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

27.3.2 Subject to clause 27.3.2.1, no Director shall be appointed for life or for an indefinite period and the non-executive Directors shall rotate in accordance with the following provisions of this clause 27.3.2 –

27.3.2.1 at the first annual general meeting referred to in clause 21.2.1, all non-executive Directors shall retire from office, and at each subsequent annual general meeting referred to in clause 21.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;

27.3.2.2 the non-executive Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

27.3.2.3 a retiring non-executive Director shall be eligible for re-election;

27.3.2.4 the Company, at the general meeting at which a non-executive Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 26;

27.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring non-executive Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 21.4.2 to 21.4.5 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring non-executive Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

27.3.3 A Director shall cease to hold office as such if he reaches the age of 70 (seventy) years, in which event such Director shall vacate his office at the start of the annual general meeting of the Company in the calendar year in which such Director turns 70 (seventy) years of age. Such Director shall be eligible for re-election however, the Director shall cease to hold office annually thereafter, and shall vacate his office at the start of the annual general meeting of the Company in each subsequent calendar year. The Director shall be eligible for re-election in each subsequent calendar year.

27.3.4 The Board shall, through its nomination committee if such committee has been constituted in terms of clause 33, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in the Republic.

27.4 Powers of the Directors

27.4.1 The Board has the power to –

27.4.1.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 27.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b) (i); and

27.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 27.4.

- 27.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them. Any reference to a power of attorney herein shall include any other form of delegation including the right to sub-delegate.
- 27.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.
- 27.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.
- 27.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 27.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.
- 27.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 27.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

27.5 **Directors' interests**

- 27.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.
- 27.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.
- 27.5.3 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) have a personal financial interest in any matter to be considered by the Board.

- 27.5.4 Save where the Directors have obtained the prior approval of the JSE to so propose such a resolution, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation or contrary to the JSE Listings Requirements, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited.”

“29 DIRECTORS’ COMPENSATION AND FINANCIAL ASSISTANCE

- 29.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a Special Resolution approved by the Shareholders within the previous 2 (two) years, as set out in sections 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.
- 29.2 Any Director who —
- 29.2.1 serves on any executive or other committee; or
 - 29.2.2 devotes special attention to the business of the Company; or
 - 29.2.3 goes or resides outside South Africa for the purpose of the Company; or
 - 29.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,
- may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.
- 29.3 The Directors may also be paid all their reasonable travelling and other expenses properly and necessarily incurred by them in connection with —
- 29.3.1 the business of the Company; and
 - 29.3.2 attending meetings of the Directors or of committees of the Directors of the Company.
- 29.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.”

“32 BORROWING POWERS

- 32.1 Subject to the provisions of clause 32.2 and the other provisions of this Memorandum of Incorporation, the Directors may from time to time –
- 32.1.1 borrow for the purposes of the Company such sums as they think fit; and
 - 32.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.
- 32.2 The Directors shall procure, but only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure that the borrowings of any subsidiary of the Company from time to time shall not exceed the amount authorised by the Company.”

“36 DISTRIBUTIONS

- 36.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –
- 36.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or
 - 36.1.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements,
- provided that if such distribution is a repayment of capital, the Company shall not be entitled to require the subsequent subscription of such amount.
- 36.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.
- 36.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

- 36.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.
- 36.5 All distributions are to be declared by the Directors in accordance with the provisions of the Act.
- 36.6 All unclaimed distributions (other than monetary distributions) may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, provided that distributions unclaimed for a period of 3 (three) years (or such other period as the law may prescribe for the prescription of a claim) from the date on which they were declared may be declared by the Directors as forfeited for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit. All unclaimed monetary distributions due to any Shareholder/s shall be held by the Company in trust until lawfully claimed by such Shareholder/s, provided that such unclaimed monetary distributions shall be subject to the laws of prescription.”

EXTRACTS FROM THE ASSET MANAGEMENT AGREEMENT

The details provided below are a direct extract from the asset management agreement.

“1. INTERPRETATION

- 1.1 In this Agreement, unless the context indicates a contrary intention, the following words and expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings –
- 1.1.1 “**Affiliate**” means any person that, directly or indirectly, Controls, is Controlled by, or is under common Control with, another person, and also includes any entity in which any shares or other interests are held;
 - 1.1.2 “**AFSA**” means the Arbitration Foundation of Southern Africa;
 - 1.1.3 “**Agreement**” means the agreement contained in this document, including all annexures hereto;
 - 1.1.4 “**Annual Budget**” means the annual budget caused to be prepared by the Manager pursuant to and in terms of this Agreement, and approved, with or without amendments, by the Company, which annual budget consists of the operating budget for the Properties, the expense budget for the Property administration and the consolidated income and expenditure budget for the Company, including a distribution forecast for the following Financial Year;
 - 1.1.5 “**Asset Management Services**” means the asset management services to be rendered by the Manager to the Company in accordance with clause 6.5 and as set out in **Annexure A**;
 - 1.1.6 “**Board**” means the board of directors of the Company;
 - 1.1.7 “**Commencement Date**” means the date upon which the Shares are first listed on the Alternative Exchange (ALT^X) of the JSE;
 - 1.1.8 “**Company**” means K2017290413 (South Africa) Proprietary Limited, registration number 2017/290413/07, a limited liability private company duly incorporated in the Republic of South Africa, which is intended to be converted into a public company with the name Castleview Property Company Limited;
 - 1.1.9 “**Condition Precedent**” means the suspensive condition set out in clause 4.1;
 - 1.1.10 “**Control**” means the ability, by virtue of ownership, rights of appointment, voting rights, management agreement, or other agreement of any kind, to control or direct, directly or indirectly, the appointment of the majority of the board or the majority of any other executive body or to control or direct, directly or indirectly, any decision making process or the management of any company or entity or appointee, and “Controlled” shall have a corresponding meaning;
 - 1.1.11 “**Financial Year**” means the financial year of the Company determined from time to time, which as at the Commencement Date, ends on 28 February of every year, or any subsequent financial year of the Company;
 - 1.1.12 “**Group**” means the Company and its subsidiaries from time to time;
 - 1.1.13 “**IFRS**” means the International Financial Reporting Standards, as adopted from time to time by the Board of the International Accounting Standards Committee, or its successor body, and approved for the use in South Africa from time to time by the Financial Reporting Standards Council established in terms of section 203;
 - 1.1.14 “**JSE**” means the securities exchange licensed in terms of the Financial Markets Act, No 19 of 2012, owned and operated by the JSE Limited, registration number 2005/022939/06, a limited liability public company duly incorporated in the Republic of South Africa;
 - 1.1.15 “**Listings Requirements**” means the JSE Listings Requirements published from time to time by the JSE;

- 1.1.16 “**Independent Expert**” means such independent expert as may be agreed between the Parties, or failing agreement within 10 business days from the date of a request by any Party for such agreement, appointed by the Executive President for the time being of the South African Institute of Chartered Accountants from one of the four largest (based on number of partners) independent firms of auditors in South Africa at the time;
- 1.1.17 “**Manager**” means K2017363399 (South Africa) Proprietary Limited Proprietary Limited, registration number 2017/363399/07, a limited liability private company duly incorporated in the Republic of South Africa;
- 1.1.18 “**Operational Management**” means the operational management of the Company referred to in clause 6.5 and set out in **Annexure B**;
- 1.1.19 “**Operating Standard**” means the operating standard described in clause 6.4.1;
- 1.1.20 “**Parties**” means the parties to this Agreement;
- 1.1.21 “**Prime Rate**” means the publicly quoted basic rate of interest, compounded monthly in arrears and calculated on a 365 day year irrespective of whether or not the year is a leap year, from time to time published by the Company’s bankers as being its prime overdraft rate, as certified by any representative of that bank whose appointment and designation it will not be necessary to prove;
- 1.1.22 “**Properties**” means the immovable properties in the Property Portfolio, and “Property” shall mean any such immovable property;
- 1.1.23 “**Property Management Fees**” means fees agreed by the Company as payable to Property Managers for the fulfilment of the Property Management Services;
- 1.1.24 “**Property Management Services**” means the property administration services referred to in clause 6.6 of this Agreement;
- 1.1.25 “**Property Managers**” means any person/s that the Manager may appoint on behalf of the Company from time to time to provide inter alia the services set out clause 6.7;
- 1.1.26 “**Property Portfolio**” means the immovable properties owned or leased by the Company or its subsidiaries at the Commencement Date, together with (1) any other immovable property which may be acquired, directly or indirectly, or leased, (2) listed or unlisted interests in companies and other persons which own or lease immovable properties, and (3) any other asset that the Company is permitted to invest in according to South African REIT legislation whether by the Company or any of its subsidiaries from time to time;
- 1.1.27 “**Share**” means an ordinary share in the capital of the Company;
- 1.1.28 “**Shareholders**” means the holders of Shares from time to time;
- 1.1.29 “**Signature Date**” means the date of signature of this Agreement by the Party last signing;
- 1.1.30 “**Specified Expenses**” means the Property Management Fees, audit, property valuation, legal, corporate advisory, sponsor, company secretarial, STRATE, transfer secretarial and trustee fees, advertising costs, bank charges in respect of the operation of the Company’s bank accounts, insurance costs in respect of the assets of the Company and professional indemnity costs in respect of the directors of the Company and non-executive directors’ remuneration incurred by or on behalf of the Company and any other expenses, whether or not listed above, which have been included in the Annual Budget or any revision thereof;
- 1.1.31 “**VAT**” means Value Added Tax charged in terms of the provisions of the VAT Act; and
- 1.1.32 “**VAT Act**” means the Value Added Tax Act, No 89 of 1991.

5. DURATION

- 5.1 This Agreement shall commence on the Commencement Date and shall, subject to the provisions of clauses 5.3 and 21, continue for an initial period of 10 years (“**Initial Period**”) after which it shall terminate, unless renewed in accordance with clause 5.2.
- 5.1 This Agreement may be renewed for a further period of five years from the date of expiry of the Initial Period (“**Renewal Period**”), and thereafter for further consecutive periods of five years from the date of expiry of any subsequent Renewal Period by way of an ordinary resolution of Shareholders adopted at a general meeting of the Shareholders prior to the expiry of the Initial Period or any Renewal Period, as the case may be.
- 5.1 Notwithstanding the above provisions, either Party is entitled to terminate this Agreement by giving 6 months’ written notice to the other.

6. APPOINTMENT AND DUTIES

6.1 The Company hereby, with effect from the Commencement Date, appoints the Manager, which accepts such appointment, to –

6.1.1 render the Asset Management Services;

6.1.2 manage the Operational Management; and

6.1.3 procure the Property Management Services by the Property Managers,

in accordance with the further terms and conditions of this Agreement.

6.2 The Manager shall be an independent contractor and not an agent (save to the extent expressly authorised in terms of this Agreement), employee, partner of, or joint venturer with the Company. If the Manager owns any interest in or provides other services to the Company, nothing contained herein shall be construed or interpreted to modify, relax or vary this Agreement and the Manager's duties hereunder shall be entirely separate from any other relationship with the Company.

6.3 The Manager shall not have the authority to represent the Company and to contract in the name of and for the benefit of the Company except where such authority is expressly conferred upon it in terms of this Agreement and when so representing the Company, the Manager will act in the best interests of the Company.

6.4 Arrangements regarding Chief Executive Officer and Financial Director

6.4.1 It is recorded that as at the commencement date the sole director and shareholder of the Manager, James Templeton and Elana Kruger shall be permanently seconded to the Company as the Chief Executive Officer ("CEO") Financial Director ("FD"), respectively. In the event of James Templeton or Elana Kruger ceasing to be employees of the Manager, the Manager shall, with the prior written consent of the Company, which consent shall not be unreasonably withheld, appoint a new CEO or FD as the case may be. The CEO and the FD shall at all times be employees of the Manager but shall be seconded to the Company as CEO and FD, respectively, and the Manager shall bear all costs associated with the employment of the CEO and the FD. To the extent that the CEO and the FD are also directors of the Company, their appointment as directors will always be subject to and in accordance with the provisions of the Company's memorandum of incorporation and the Companies Act, 2008 (as amended or replaced from time to time).

6.4.2 Notwithstanding the provisions of clause 6.4.1 above, the CEO and the FD shall be permanently seconded to the Company and shall perform their duties and functions under the supervision of the Manager on the terms set out in this agreement."

6.5 Asset Management Services

The Manager shall perform the Asset Management Services, together with such other duties as may be agreed in writing between the Company and the Manager from time to time, in accordance with this clause 6.5. The Manager shall render the Asset Management Services and any such other asset management services as may be normally expected from asset managers and/or as the Company may reasonably direct in order to ensure that the Operating Standard is achieved and maintained.

6.5.1 *Operating Standard*

The Manager shall strategically manage the Property Portfolio in an efficient manner, in good faith and diligently in accordance with sound, reasonable and prudent asset management practices and in keeping with directives issued by the Company from time to time (the "**Operating Standard**"). The Manager shall devote its efforts to serving the Company in accordance with the terms of this Agreement and shall perform its duties hereunder in a diligent and careful manner aimed at achieving the Operating Standard as a standard of performance. The Manager, in rendering these services to the Company, shall be entitled to make use of the assets of the Company. The Manager shall regularly communicate with the Board and may consult real estate market experts from time to time to effectively and completely provide the Asset Management Services on the basis contemplated in this clause 6.5.

6.5.2 *Strategy*

6.5.2.1 The Manager shall prepare and deliver to the Company prior to the commencement of each Financial Year a strategic plan for approval by the Company. The strategic plan will be reviewed half yearly and the progress in implementation shall be reported upon quarterly to the Company within 60 days after the end of each quarter, unless the Company agrees otherwise.

6.5.2.2 In addition to the provisions of clause 6.5.21, the Manager shall from time to time recommend general strategies to maximise the performance of the Property Portfolio and strategies with regard to property acquisitions, property disposals, new developments, funding the expansion of the Property Portfolio and interest rate strategies in respect of the liabilities of the Company. The Manager will also recommend such other strategies to the Company which it deems to be in the best interests of the Company.

6.5.3 *Marketing*

The Manager shall market the Group to investors, analysts, bankers, financiers, the press and the investment community generally.

6.5.4 *Strategic research*

The Manager shall either cause to be conducted or use available research into the state and relative investment merits of the various sectors and geographical localities of the property market. Such research shall be made available to the Board on reasonable request.

6.6 Operational Management

6.6.1 The Manager shall manage the operational management of the Company (“Operational Management”). The Operational Management functions are set out in Annexure B. The Manager, in rendering the Operational Management services contemplated in this clause 6.6, shall render all such other Operational Management services, whether set out in Annexure B or not, as may normally be expected from asset managers and/or as the Company may reasonably direct to ensure that the Operating Standard is achieved and maintained.

6.6.2 The Manager shall, in addition to the Asset Management Services, manage the Operational Management of the Company in accordance with the provisions of this clause 6.6. The Manager shall be responsible for the actions and/or omissions of its employees acting in the course and scope of their functions and duties as such.

6.6.3 *Annual budget*

Not later than 30 days before the commencement of each Financial Year, the Manager shall cause to be prepared an Annual Budget for submission to the Company for approval for the next Financial Year. The Manager shall cause to be revised the income and expenditure forecasts from time to time as is or becomes necessary and shall from time to time submit revised forecasts to the Company, in such form and containing such information as may reasonably be required by the Company, for approval, provided that any negative revisions to income shall be reported at the next following meeting of the Company and any unbudgeted expenditure, save for increases in local authority taxes and charges which were not anticipated, shall likewise be reported to the Company. In addition to the above, the business of the Company shall be managed in accordance with the Annual Budget on a continual basis with projections for the next Financial Year being presented to the Company in the Annual Budget together with the projected earnings for the Shares of the Company, on the understanding that the Annual Budget will be reviewed by the Company within 60 days after the end of each half year.

6.6.4 *Financial reporting*

The Manager shall manage the budgeted projections in respect of both operating expenditure and operating income and all other related financial controls and cause to be prepared monthly management accounts, quarterly reports and such other reports as may be reasonably required by the Company.

6.6.5 *Letting policy*

The Manager shall ensure that the letting policies and leasing terms adopted by the Company are in accordance with prevailing market conditions from time to time in furtherance of the objectives for the Property Portfolio.

6.6.6 *Operational research*

The Manager shall cause to be conducted or use available research into prevailing rental rates and leasing terms offered in localities where the Property Portfolio is represented and comparative localities and research of general market conditions prevailing in such localities. Such research shall be made available to the Board on reasonable request.

6.6.7 *Operational responsibilities*

The Manager shall, without limiting its Operational Management responsibilities, cause to be prepared and/or implemented –

- 6.6.7.1 approved strategic plans;
- 6.6.7.2 valuations of the Property Portfolio by an independent valuer as directed by the Company or as required by IFRS;
- 6.6.7.3 an annual review of municipal valuations of the Properties in relation to the market value, formulating objections and procuring the attendance by the requisite professionals at any valuation court proceedings as may be required and taking such further actions as may be required;
- 6.6.7.4 the inspection of the Properties and the improvements thereto at least quarterly in order to formulate recommendation reports on maintenance and refurbishment required; and
- 6.6.7.5 any legal, statutory, JSE or any other relevant processes necessary on behalf of the Company.

6.6.8 *Acquisitions, developments and disposals*

The Manager shall –

- 6.6.8.1 cause to be implemented the strategic plan in respect of acquisitions, developments and disposals in accordance with the Company approved objectives for the Property Portfolio; and
- 6.6.8.2 ensure that appropriate project co-ordinators are appointed for ongoing and/or new developments and/or the refurbishment or alterations and/or additions to existing developments and monitor the progress in regard thereto.

6.6.9 *Secretarial*

The Manager shall further be responsible for –

- 6.6.9.1 investing surplus funds;
- 6.6.9.2 maintaining all books of account for the Property Portfolio;
- 6.6.9.3 maintaining all the Property Portfolio's necessary secretarial documentation, including minutes and resolutions, if and to the extent that (1) the Company has not resolved to do so itself or (2) this is not the responsibility of a Property Manager appointed by the Company;
- 6.6.9.4 liaison and provision of information for annual audit;
- 6.6.9.5 taking minutes at meetings;
- 6.6.9.6 circulating all agendas and minutes;
- 6.6.9.7 attending to correspondence; and
- 6.6.9.8 attending to the requirements of the JSE including, without limitation, the preparation and distribution of circulars, payment of distributions and the convening of general meetings of members of the Company.

6.7 **Property Management Services**

6.7.1 *General*

The Manager shall be responsible for entering into (and terminating) such agreements on behalf of the Company and in the name of the Company as the Manager shall consider appropriate with such Property Managers as shall be selected by the Manager, which Property Managers' duties in relation to the Company shall be to attend to the day to day administration of each Property. It shall be provided in any such agreement entered into between the Company and any proposed property manager that the latter shall manage the Properties by instituting systems and procedures to –

- 6.7.1.1 collect rental, operating costs and VAT recoveries and account for tenants' deposits;
- 6.7.1.2 pay all property expenses, including without limitation, stamp duties and relevant property taxes;
- 6.7.1.3 enforce the landlord's rights against defaulting tenants;

- 6.7.1.4 insure the buildings on the Properties adequately against all relevant risks provided that the Manager shall, on an annual basis, submit full details of all proposed insurance and/or existing insurance to the Company, to the extent possible, prior to effecting or renewing same;
 - 6.7.1.5 inspect all the buildings and Properties with a view to ensuring the continued maintenance and carrying out of authorised capital expenditures are carried out;
 - 6.7.1.6 deal with tenant complaints and requirements;
 - 6.7.1.7 inform all tenants of all rules, regulations and notices issued by the Company;
 - 6.7.1.8 prepare budgets of income and expenditure for each Property;
 - 6.7.1.9 report to the Manager the monthly income and expenditure accounts for each Property;
 - 6.7.1.10 deal with lease expiries and renewals and report on and, where possible, fill anticipated vacancies prior to their occurrence;
 - 6.7.1.11 use its/their best endeavours to let vacant space immediately and space which is to become vacant before leases expire;
 - 6.7.1.12 enter into leases in accordance with the letting policies of the Company from time to time and prepare and execute all necessary documentation;
 - 6.7.1.13 enter into contracts with suppliers of services to buildings on the Properties at competitive rates having due regard to the quality of service provided; and
 - 6.7.1.14 maintain the Properties.
- 6.7.2 *Performance of Property Management function by the Manager or its Affiliate*

The Manager shall be entitled to itself perform the Property Management Services in respect of one or more of the Properties or to appoint an Affiliate to perform such Property Management Services at such fee, and on such other terms and conditions as may be agreed to between the Company and the Manager from time to time.

7. THE MANAGER'S AUTHORITY

- 7.1 The authority of the manager, which shall be generally to represent the company and to do anything in the name of and for the account of the company which the manager considers necessary, expedient or desirable for the management and administration of the property portfolio, shall include the power to –
- 7.1.1 direct and supervise and give instructions to all the employees (if any) of the Company from time to time;
 - 7.1.2 select tenants for the Properties and/or portions of the Properties;
 - 7.1.3 enter into any contract which it considers necessary for or incidental to the proper management and administration of the Properties;
 - 7.1.4 exercise in such manner as it deems fit all the rights of the Company under any contracts to which the Company is party from time to time including, but without being limited to, all leases;
 - 7.1.5 establish a bank account or accounts designated as a trust account(s) in respect of the Properties in the name of the Company and/or any of its subsidiaries and operate them and to sign all cheques or withdrawals from them and pay into such bank accounts from time to time all amounts collected on behalf of the Company in respect of the Property Portfolio;
 - 7.1.6 purchase, lease or otherwise acquire any movable assets required by the Company, subject to the prior approval of the Board;
 - 7.1.7 directly or indirectly acquire or dispose of immovable property on behalf of the Company, provided that such authority shall be limited to transactions where the size of the transaction relative to that of the Company, as calculated in accordance with the Listings Requirements (“**Percentage Ratio**”) does not equal or exceed –
 - 7.1.7.1 the Percentage Ratio for a category 1 transaction as defined in the Listings Requirements from time to time; or
 - 7.1.7.2 such other Percentage Ratio as may be agreed between the Company and the Manager from time to time;

- 7.1.8 instruct attorneys and counsel and to take legal advice on any matter arising in the ordinary course of the management of the Property Portfolio;
- 7.1.9 exercise any right or power which the Company may have as a creditor of any insolvent or any Company in liquidation or under judicial management, including the power to prove a claim and to attend and vote on any question at any meeting of creditors;
- 7.1.10 sign any contract or other document in any form which it deems fit and which may be required to give effect to any matter which falls within the scope of the Manager's authority;
- 7.1.11 appoint professional consultants to advise the Manager;
- 7.1.12 pay on behalf of the Company or any subsidiary of the Company all expenses incurred in respect of the Property Portfolio. In this regard the Manager will be entitled to withdraw from the bank account(s) such amounts as may be necessary to enable the Manager to pay the aforesaid expenses which shall have been determined in accordance with the Annual Budget;
- 7.1.13 enter into development contracts from time to time, subject to the prior written approval of the Board and compliance with any conditions laid down by the Board in this regard, where such development is not provided for in Annual Budget,

provided that in exercising the aforesaid powers and authority, the Manager will endeavour as far as is reasonably possible to meet any applicable expenditure budget and will further endeavour to ensure the collection of income as closely as possible to or in excess of the applicable income budget.

7.2 The manager shall be entitled to procure funding for purposes of –

- 7.2.1 paying the purchase prices for the immovable property acquired in terms of clause 7.1.7; or
- 7.2.2 making up any shortfall to the extent that there are insufficient funds in the bank account(s) to cover any expenditure which is contemplated in the Annual Budget at the relevant time (as envisaged in clause 7.1.12),

and for these purposes, the Manager will be entitled, after notification to the Company of its intention to do so, but subject always to the terms of any existing financing documents to which the Company is a party at the time, to –

- 7.2.3 raise overdrafts or other financing on behalf of the Company (or, if appropriate, any subsidiaries) from a bank or other third party source to finance any such acquisitions or expenditure, provided that such finance does not, unless otherwise approved by the Board, cause the total consolidated liabilities to exceed an amount equal to 60% of the total consolidated assets of the Company (and without allowing any prospective lender a right to participate in the equity share capital of the Company as a condition of any loan); and
- 7.2.4 dispose of any assets required in order to finance such acquisitions or expenditure.

8. OBLIGATIONS OF THE MANAGER

Notwithstanding anything else contained in this Agreement, unless specified to the contrary, the obligations of the Manager in terms of this Agreement are to use its best commercial endeavours in accordance with best practice in performing the Asset Management Services.

9. REMUNERATION

The remuneration and expenses payable by the Company to the Manager for and in the course of the services to be rendered by the Manager in terms of this Agreement shall be the sum of the fees and expenses set out in this clause 9.

9.1 Asset Management Fee

- 9.1.1 The Company shall pay the Manager a monthly fee equal to the Applicable Fee (“**Asset Management Fee**”).
- 9.1.2 For the purpose of this clause 9.1 “**Applicable Fee**” means 0.5% of the Enterprise Value;

9.2 Transaction Fee

An amount equal to 1% of the value (excluding VAT) of any new Properties, property owning companies (or part thereof) or other assets forming part of the Property Portfolio which are acquired by the Company (“**Assets Acquired**”) with effect from the Commencement Date (“**Transaction Fee**”).

9.3 **Reimbursement of expenses incurred on behalf of the Company**

- 9.3.1 If the Manager incurs any of the Specified Expenses, the Manager shall be entitled to be reimbursed by the Company for such expenses upon presentation of the relevant proof of payment together with supporting documentation. Any other expenditure incurred by the Manager without the prior written consent of the Company, shall be for the account of the Manager.
- 9.3.2 The Manager shall report to the Company on a quarterly basis detailing the Company expenses disbursed by the Manager as envisaged in terms of clause 9.3.1.

15. **“TERMINATION**

- 15.1 In the event that the Shareholders of the Company in a general meeting pass an ordinary resolution in terms of which they cancel this Agreement as contemplated in clause 5.3, this Agreement shall terminate on the 180th day from the date of the passing of such resolution.

If the Company elects to terminate this Agreement, the Company shall pay to the Manager all costs (if any) incurred by the Manager in connection with the termination of this Agreement by the Company, which costs shall be paid by the Company within 7 days after written demand from the Manager and which may include, amongst others, staff retrenchment costs and leases cancellation costs.

- 15.2 Any dispute which may arise as to the amount of such costs in terms of clause 15.1 shall be referred to the auditors of the Managers for the time being for the decision and their decision shall be final and binding as between the Parties and carried into effect
- 15.3 Clause 15.2 shall survive any cancellation of this Agreement in terms of clause 15.

15.4 **Consequences of termination by the Company**

If the Company elects to terminate this Agreement, the Company shall pay to the Manager all costs (if any) incurred by the Manager in connection with the termination of this Agreement by the Company, which costs shall be paid by the Company within seven days after written demand from the Manager. This clause 15.4 shall survive any cancellation of this Agreement in terms of clause 15.1.

15.5 **Duties upon termination**

On the effective date of a termination, the Manager shall deliver to the Company promptly all of the Company's materials, supplies, keys, leases, contracts, other documents, insurance policies, plans, specifications, permits, licenses, promotional materials and such other accounting papers and records including general correspondence as pertain to this Agreement. The Manager shall also assign to the Company, without recourse to the Manager, executed contracts, if any, in the Manager's name relating to the Asset Management Services, provided that such contracts are on market related terms and acceptable to the Company. The Manager shall deliver to the Company a final accounting of the Property Portfolio up to and including the effective date of the termination within 60 days after such effective date of termination. No further services shall be performed by the Manager under this Agreement after the effective date of a termination nor shall the Manager rely on or represent any association with the Company, except that the Manager shall co-operate fully with the Company to accomplish an orderly transfer of the asset management services and operational management of the Company to the Company itself or an entity designated by the Company to succeed the Manager.

15.6 **Survival**

Upon expiration or any termination of this Agreement –

- 15.6.1 both Parties shall remain liable for all obligations accrued and not fully performed under this Agreement during the term of this Agreement; and
- 15.6.2 the Manager shall remain entitled to be remunerated until the actual date of expiration or termination.”

MATERIAL CONTRACTS

The following are details of the material contracts, being (i) contracts entered into otherwise than in the ordinary course of business, since the date of incorporation of the company to the date of this pre-listing statement or at any time containing an obligation or settlement that is or may be material to the company or its subsidiaries at the last practical date; and (ii) contracts that are otherwise considered material by the company.

1. URBAN RETAIL SUBSCRIPTION

- 1.1 Urban Retail entered into a subscription agreement with Castlevue on or about 27 July 2017 (“**Urban Retail subscription agreement**”), in terms of which *inter alia*:
 - 1.1.1 Urban Retail subscribed for so many ordinary shares of no par value in the capital of Castlevue (“**subscription shares**”), as have a total value of R165 000 000 (“**subscription consideration**”).
 - 1.1.2 The subscription consideration was settled by Urban Retail (i) ceding a loan claim of R150 000 000 to Castlevue (“**loan claim**”), and (ii) paying the balance thereof in cash to Castlevue.
 - 1.1.3 Against settlement of the subscription consideration, Castlevue allotted and issued the subscription shares to Urban Retail.

2. CASTLEVIEW ONE SUBSCRIPTION

- 2.1 Castlevue One entered into a subscription agreement with FEC Prop and K2017099441 (South Africa) (Pty) Ltd (“**K441**”) (the vendor) on or about 18 August 2017 (“**subscription agreement**”) and a closing letter and addendum to the Castlevue One subscription agreement on or about 20 October 2017, in terms of which *inter alia*:
 - 2.1.1 Prior to the first date (being 23 October 2017), FEC Prop declared a distribution in favour of K441, its sole shareholder, in an amount equal to the subscription consideration (“**distribution**”).
 - 2.1.2 On the first date, Castlevue One subscribed for 8,000,000 ordinary shares of no par value in the capital of FEC Prop (“**subscription shares**”), which constituted (following their issue) approximately 99.9% of FEC Prop shares in issue.
 - 2.1.3 The consideration payable by Castlevue One for the subscription shares is an amount equal to R180,700,000, being the agreed estimated net equity value of FEC Prop (“**subscription consideration**”), settled by Castlevue One on 25 October 2017 (being the second date for purposes of the Castlevue One subscription agreement) by Castlevue One (i) ceding the loan claim to FEC Prop, and (ii) paying the balance thereof in cash to FEC Prop.
 - 2.1.4 On the second date, and subject to the conditions precedent that (i) the distribution has been settled and paid by FEC Prop and (ii) any shareholder loans owing by FEC Prop to K441 have been repaid, FEC Prop allotted and issued the subscription shares to Castlevue One.
 - 2.1.5 K441 provided to Castlevue One certain warranties and guarantees regarding the rental income (collectively the “**rental guarantee**”) that will be generated in respect of the property during the period of 24 months commencing on the first date (“**rental guarantee period**”) and agreed to pay an amount of R1 140 000 into escrow (“**Escrow Amount**”) as security for K441’s obligations in terms of the rental guarantee.
 - 2.1.6 The Castlevue One subscription agreement was subject to certain conditions precedent, all of which have been fulfilled or waived.
 - 2.1.7 The Castlevue One subscription agreement contains warranties provided by K441, which are usual for transactions of this nature.

3. CASTLEVIEW SUBSCRIPTION

Castleview entered into a subscription agreement with Castleview One on or about 10 August 2017 (“**Castleview subscription agreement**”), in terms of which *inter alia*:

- 3.1.1 Castleview subscribed for so many ordinary shares of no par value in the capital of Castleview One (“**subscription shares**”), as have a total value of R165 000 000 (“**subscription consideration**”).
- 3.1.2 The subscription consideration was settled by Castleview (i) ceding the loan claim to Castleview One, and (ii) paying the balance thereof in cash to Castleview One.
- 3.1.3 Against settlement of the subscription consideration, Castleview One allotted and issued the subscription shares to Castleview.

4. RENTAL ESCROW

K441 entered into a rental escrow agreement with Castleview One and Cliffe Dekker Hofmeyr Inc. (“**CDH**”) on or about 29 August 2017, in terms of which *inter alia* K441 and Castleview One appoint CDH as escrow agent to administer the Escrow Amount for the duration of the rental guarantee period and to release, from time to time, amounts due to Castleview One in respect of the rental guarantee.

DETAILS OF THE PROPERTY PORTFOLIO

The table below sets out the details of the properties within the Castleview property portfolio.

No	Property name (property owning company)	Address	Province	Sector	Weighted average rental per m ² (R)	Rentable area (GLA) m ²	Vacancy (% of rentable area)	Purchase price (excluding acquisition costs) (R)	Valuation as at 1 October 2017	Difference between valuation amount and purchase price (R)
1.	Pier 14 Shopping Centre	444, Govan Mbeki Avenue, North End, Port Elizabeth	Eastern Cape	Retail	101.24	30 437	3.6	312 500 000	R315 000 000	2 500 000

Notes:

1. The property was valued at 1 October 2017 by Mike Gibbons of Mills Fitchet who is an independent, registered professional valuer in terms of the Property Valuers Profession Act, No 47 of 2000.
2. The effective date of the acquisition of the property is 1 October 2017.
3. Figures reflect 100% ownership of the property.
4. The difference between the purchase price and the valuation amount is due to the fact that the value attributed by the independent property valuer is an open market value, while the purchase price is a negotiated value.

INDEPENDENT VALUER'S ABRIDGED VALUATION REPORT

6 December 2017

“The Directors

Castlevue Property Fund Limited
411 The Hills, Buchanan Square
160 Sir Lowry Road
Woodstock
Cape Town
7925

Dear Sirs/Madam

RE: INDEPENDENT PROPERTY VALUERS' REPORT OF THE PROPERTY FOR CASTLEVIEW PROPERTY FUND LIMITED (“CASTLEVIEW”) AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE ARE DETAILED VALUATION REPORTS HELD BY CASTLEVIEW

In accordance with your instruction of September 2017, I confirm that we have visited and inspected the property listed in the attached schedule (“**the property**”) on 6 October 2017 (Section 13.23 (a) (iii)) and have received all necessary details required to perform a valuation in order to provide you with my opinion of the property's market value as at 1 October 2017 (Section 13.23 (c)).

INTRODUCTION

The valuation of the property has been carried out by the valuer who has carefully considered all aspects of all the property. The property has a detailed valuation report which has been given to the management of Castlevue. The detailed report include commentary on the current economy, nature of the property, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation report of the property. The detailed report has further addressed the tenancy income capability and expenditure for the property and tenant. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the fair market value for the property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto. There is one property and the important aspects of the detailed valuation report including the property market value has been summarised in the attached schedule.

1. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 1.1 a willing seller and a willing buyer in a market;
- 1.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 1.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

2. VALUE CALCULATION

The calculation of the market value of the property has been based on the discounted cash flow and income capitalisation approaches. This is the fundamental basis on which commercial income producing properties are traded on the market in South Africa. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market. (Section 13.23 (d)).

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

The capitalised value has, however, also been calculated for the property as a check to ensure that the discounted cash flow value calculated is consistent with market norms and expectations.

The difference between the purchase price and the valuation amounts is due to the fact that the values attributed by the independent property valuer is an open market values, while the purchase prices is a negotiated value.

The considerations for the discounted cash flow and capitalised valuations are as follows:

- 2.1 calculating the forward cash flow of all contractual and other income from the property;
- 2.2 calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;
- 2.3 the current area vacancy as a percentage of the property is approximately 4.34 %. In order to apply a conservative approach, I have provided no income for the first twelve months of the cash flow for these vacancies. The current vacancy is market related. The void provision used in the valuation is therefore adequate. (Section 13.23 (f) (i));
- 2.4 there is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There is, however, ongoing external maintenance work and some tenant installation fitting that is currently in progress. There is no loss of rental as a result of these activities. (Section 13.23 (f) (ii));
- 2.5 generally, the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the property valued, in terms of rental per square metre. The rental rate has also been checked against various published indices including the South African Property Owners Association (“SAPOA”) index, and our database of similarly profiled properties recently valued by ourselves. The property is not over-rented, nor are there any areas which cannot be re-rented at the same or higher rental rate should such property become vacant. There is therefore minimal potential for rental flow reversion. There is however, a positive upside potential for real growth in rental, given the low base off which the average rentals flow. This is provided that the economy remains in a slow recovery pattern as currently being experienced as that there are no major economic fluctuations which may upset the economy. (Section 13.23 (f) (iii));
- 2.6 discounting the forecast cash flow for ten years to which the present value of the terminal value is added, calculated from 1 October 2017;
- 2.7 the valuation has considered published market statistics regarding rental rates and expenditure for the different types of properties. It is also considered numerous other portfolios of similar properties in order to determine if any properties are over rented or have excessive expenditure; and
- 2.8 no provisions for capital contingencies were deducted from the capitalised value.

3. SPARE LAND

There is no spare land forming part of the property and therefore no valuation is required. (Section 13.26).

4. BRIEF DESCRIPTION

The property comprises a multi-level shopping centre with associated offices and structured parking, there is also an open parking facility on the second erf.

In respect of the property, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in each individual detailed property valuation report.

5. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of the property. The property is not prejudiced in value by the influence of the above factors.

The valuer is however not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

6. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties. (Section 13.23 (g)).

To the best of my knowledge, there are no options in favour of any parties for any purchase of any of the properties. (Section 13.23 (h)).

7. INTRA-GROUP OR RELATED PARTY LEASES (SECTION 13.23 (A) (XI))

Having inspected all the tenant schedules it is noted that there are no intra-group or related party leases.

8. CURRENT STATE OF DEVELOPMENT

There are no properties which are currently being developed.

9. RENTALS USED IN VALUATIONS

The current annual rental and future annual rentals have been calculated in a discounted cash flow schedule. It is noted that there are no material rental reversions and that the rentals for the property increase on average by approximately 6 (six)% compounding per annum.

The pertinent details of all tenancies are reflected on the attached MDA tenancy schedule.

The net income for the first year of the cash flow period totals R30 552 570.00, calculated as follows:

Total rentals	R38 563 077.00
Plus: Other Recoveries	R 2 419 756.00
<hr/>	
Gross Annual Income	R40 982 833.00
Less: Expenses	R10 430 263.00
<hr/>	
Net Annual Income	R30 552 570.00

This equates to an average through rental of R83.52/m².

10. EXTERNAL PROPERTY

The property is not situated outside the Republic of South Africa. (Section 13.28).

11. OTHER GENERAL MATTERS AND VALUATION SUMMARY (SECTIONS 13.30 AND 13.31)

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Castleview.

12. ALTERNATIVE USE FOR A PROPERTY (13.27)

The properties have been valued in accordance with their existing use which represents their market value. No alternative use for the properties have been considered in determining their value.

13. OTHER COMMENTS

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

14. CAVEATS

14.1 Source of information and verification (Section 13.23 (a) (xiii))

Information on the property regarding rental income, recoveries, turnovers and other income detail has been provided to me by the current owners and their managing agents.

A sample lease audit has been undertaken of leases where such leases are the major tenant or tenants comprising anything higher than 10% occupancy of the property. The leases have been read to check against management detail, in order to ensure that management has correctly captured tenant information as per contractual agreement. This has been done to test management information against the underlying agreements.

I have further compared certain expenditures given to me, to the market norms of similar properties. This has also been compared to historic expenditure levels of the properties themselves. Historical contractual expenditures and municipal utility services were compared to the past performance of the properties in order to assess potential expenditure going forward. The municipal values on the property are very low. At the current transaction values there is some potential for the municipal value to increase by a considerable amount, should the municipality revalue these properties, in which event the rates could increase by twice or three times their current amount.

14.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to myself. I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 14.3 below.

14.3 Leases (Section 13.23 (a) (ix))

Our valuation has been based on a review of actual tenants' leases (which includes material terms such as repairing obligations, escalations, break options) and other pertinent details supplied to us by the managing agents and by Castlerview.

All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases have been disclosed by way of the monthly tenant invoices and summary schedule supplied to us. Option terms and other lease information have been supplied to us by the owners and managing agents and we are familiar with such documents.

14.4 Lessee's credibility

In arriving at our valuation, cognizance has been taken of the lessee's security and rating. In some cases, this has influenced the capitalisation rate by way of a risk consideration.

14.5 Mortgage bonds, loans, etc.

The property has been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

14.6 Calculation of areas

All areas quoted within the detailed valuation reports are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents.

Plans were provided for the property in respect of internal configuration. The property generally appears to have the stated square meterage which could only be more accurately determined if re-measured by a professional. The reported square meterage is therefore considered as correct as possible without full a re-measurement exercise being undertaken.

14.7 Structural condition

The property has been valued in their existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

14.8 Contamination

The valuation assumes that a formal environmental assessment is not required and further that the property are environmentally impaired or contaminated, unless otherwise stated in our report.

14.9 Town planning (Section 13.23 (a) (vi) and (vii))

Full town planning details (dated May 2015) and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the property has been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the property.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for the property.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to the property which infringement could decrease the value of the property as stated.

15. MARKET VALUE

I am of the opinion that the aggregate market value of the property as at 1 October 2017 is R315 000 000.00 (excluding VAT). A summary of the individual valuation and details of each of the property is attached. To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 26 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the property.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

for Mills Fitchet Magnus Penny & Wolffs

Michael Robert Barry Gibbons

MRICS MIV(SA)

Registered Professional Valuer (no. [4127/6])

(Registered without restriction in terms of the Property Valuers Act, No 47 of 2000)

SCHEDULE OF PROPERTIES

Property No	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/ Leasehold	Tenure of leasehold	Rentable area (GFA) (m ²)	Approximate age of building	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void/ vacancy	Income projection (R)		Valuation (R) as at 1 October 2017
												1 October 2017	to 30 September 2018	
1	Pier 14 Shopping Centre 444 Govan Mbeki Avenue, North End, Port Elizabeth	Erf 3801 and Erf 3536 North End	Multi storey shopping centre with associated offices. Multi tenanted, anchored by Shoprite	6 October 2017	Freehold	N/A	30 483	In excess of 15 Years	B	NIL	2.5%	R30 552 570	R315 000 000	

DETAILS OF ACQUISITIONS AND VENDORS

Since incorporation of the company, the company has, through its wholly-owned subsidiary, Castleview One, acquired 99.99% of the equity in FEC Prop, which owns the property. Save as aforesaid, the group has not acquired any immovable properties, subsidiaries or investments.

Name and nature of the asset acquired:	99.99% of the equity in FEC Prop, which owns Pier 14
Entity which acquired the asset	Castleview One
Effective date of acquisition:	1 October 2017
Consideration paid in cash:	A subscription consideration of R180.7 million was paid for the issue of 8 million FEC Prop shares
Consideration paid in shares:	Nil
Loans incurred to finance acquisition	Nil
Name of vendor:	K2017099441 (South Africa) Proprietary Limited, the sole shareholder of FEC Prop at the time of Castleview One's subscription for shares
Beneficial shareholders of the vendor:	Paul Munday (indirect as to 50%) and Wim Loubser (indirect as to 50%)
Addresses of the vendor and beneficial shareholders:	411 The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, 7925
Effective date of acquisition by vendor:	31 July 2017
Cost of asset to vendor:	A subscription consideration of R79 million was paid for the issue of c.8 billion FEC Prop shares, following the declaration of a distribution in specie by FEC Prop in June 2017 of R139 million

FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF THE CASTLEVIEW GROUP

Set out below are the forecast statements of comprehensive income of the Castleview Group (“forecasts”) for the period ending 28 February 2018 and the year ending 28 February 2019 (“forecast periods”).

The forecasts include forecast figures for the duration of the forecast periods.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of Castleview. The forecasts must be read in conjunction with the independent reporting accountants’ limited assurance report which is presented in **Annexure 12**.

The forecasts have been prepared in compliance with IFRS and the Listing Requirements and in accordance with Castleview’s accounting policies as set out in **Annexure 16** of the pre-listing statement.

R		Period from incorporation to 28 February 2018	Year ending 28 February 2019
Revenue			
Rental and recoveries	Note 1	17 003 739	42 208 645
Straight-lining adjustment		1 322 157	1 976 559
Property operating expenses	Note 2	(4 570 088)	(10 685 110)
Net property income		13 755 808	33 500 094
Administration expenses		(634 167)	(1 598 100)
Listing expenses		(2 753 512)	0
Asset management expenses		(651 042)	(1 575 000)
Profit from operations		9 717 087	30 326 994
Interest income		151 216	362 918
Finance costs		(6 187 722)	(14 779 484)
Profit before taxation		3 680 581	15 910 428
Taxation		(1 078 949)	0
Profit after taxation		2 601 632	15 910 428
Reconciliation of profit for the period to headline earnings and distributable earnings			
Earnings and headline earnings		2 601 632	15 910 428
Straight-lining adjustment		(1 322 157)	(1 976 559)
Listing expenses		2 753 512	
Distributable Income		4 032 987	13 933 869
Shares in issue at period end		33 000 000	33 000 000
Weighted average shares in issue		33 000 000	33 000 000
Earnings and diluted earnings per share		0,08	0,48
Headline earnings and diluted headline earnings per share		0,08	0,48
Distribution per share		0,12	0,42
Indicative share price			5,00
Distribution yield			8,4%
Note 1. Rental and recoveries			
Contracted rental		15 367 471	30 764 512
Near-contracted rental		297 850	8 231 929
Uncontracted rental		322 795	774 708
Rental revenue		15 988 116	39 771 149
Recoveries		1 015 623	2 437 496
		17 003 739	42 208 645

R	Period from incorporation to 28 February 2018	Year ending 28 February 2019
Rental revenue breakdown		
Contracted rental	96,1%	77,4%
Near-contracted rental	1,9%	20,7%
Uncontracted rental	2.0%	1,9%
Rental	100.0%	100.0%

Note 2. Material expenses included in property operating expenses

Salaries and wages	(627 217)	(1 439 189)
Rates expenses	(1 052 495)	(2 601 768)
Repairs and maintenance	(826 912)	(1 638 250)

Key notes and assumptions:

The forecast incorporates the following material assumptions in respect of revenue and expenses that can be influenced by the directors:

1. The forecast for the period ending 28 February 2018 is from date of incorporation of Castleview, being 6 July 2017 until 28 February 2018. The acquisition of FEC Prop is effective from 1 October 2017. The forecast for the period ending 28 February 2018 therefore comprises five months of trading activity.
2. It is assumed that the listing takes place on 20 December 2017.
3. The forecasts are based on management's forecasts for the forecast period which are based on information derived from lease contracts, historical information and information provided by the property manager and the independent valuer.
4. Save for the acquisition of FEC Prop, which is effective from 1 October 2017, Castleview will not acquire or dispose of any properties during the forecast period.
5. Rental income includes rental income and parking revenue. The straight-lining adjustment is to account for rental income on a straight-line basis over the term of the lease.
6. Contractual income is based on existing lease agreements, including stipulated increases, all of which are valid and enforceable.
7. Leases expiring during the forecast period have been forecast on a lease-by-lease basis and have been assumed to renew at current market rates unless the lessee has indicated its intention to terminate the lease. Lease income is classified as near contracted rental income from the date of expiry of the lease.
8. Current vacant space has been forecast on a property-by-property basis and has been assumed to remain vacant unless it is deemed probable that such space will be let, in which case rental is forecast at prevailing market rates.
9. 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.
10. Property operating expenditure has been forecast on a line-by-line basis for the property based on management's expenditure budget for the property. This has been determined by a review of historical expenditure and discussion with the property manager with regard to ongoing anticipated expenses.
11. Forecast material items of expenditure are not expected to increase by more than 15% in comparison over historic amounts.
12. Listing expenses comprise Castleview's share of listing expenses of R2.7 million as set out in paragraph 34 of this pre-listing statement and are expensed through the statement of comprehensive income. The balance of the listing expenses will be paid by the asset manager.
13. Administration expenses for the forecast period includes property management staff, overhead and listing costs.
14. Interest income is forecast to be earned at 6.5% per annum on positive cash balances.
15. Finance costs are calculated after the adjustment for debt refinance as set out in note 5 to **Annexure 13**, based on an assumed rate of 10-10.25% per annum. As set out in Annexure 19, the loans are interest only and none of the loans are due to be repaid within the forecast period.
16. As set out in note 1, more than 75% of rental revenue for the forecast period comprises contractual rental

The forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the directors:

1. There will be no unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of existing lease agreements.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF THE CASTLEVIEW GROUP

“6 December 2017

The board of Directors

Castleview Property Fund Limited
411 The Hills Buchanan Square
160 Sir Lowry Road
Woodstock
Cape Town
7985

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE FORECAST STATEMENT OF COMPREHENSIVE INCOME OF CASTLEVIEW PROPERTY FUND LIMITED (“CASTLEVIEW”)

Report on the identified property forecast information

We have undertaken a reasonable assurance engagement in respect of the accompanying property forecast of Castleview for the period ending 28 February 2018 and the year ending 28 February 2019 set out in the Castleview pre-listing statement to be issued on or about 13 December 2017 (“**the Pre-listing statement**”), comprising the forecast statement of profit or loss and other comprehensive income, as set out in **Annexure 11** of the Pre-listing statement and the vacancy and lease expiry profile of the property portfolio as a whole during the forecast periods, as set out in paragraph 7 of the Pre-listing statement (“**the forecast information**”), as required by paragraph 13.15 of the JSE Limited (“**JSE**”) Listings Requirements.

We have also undertaken a limited assurance engagement in respect of the directors' assumptions used to prepare and present the forecast information, disclosed in **Annexure 11** of the Pre-listing statement to the forecast information, as required by paragraph 13.15 of the JSE Listings Requirements.

Directors' responsibility for the forecast information and for the assumptions used to prepare the forecast information

The directors are responsible for the preparation and presentation of the forecast information and for the reasonableness of the assumptions used to prepare the forecast information as set out in the notes to **Annexure 11** of the pre-listing statement to the forecast information in accordance with paragraphs 13.12 -13.14 of the JSE Listings Requirements (JSE Listings Requirements for forecast information). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the forecast information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that this forecast may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory board for Auditors (“**IRBA Code**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards board for Accountants *Code of Ethics for Professional Accountants* (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance engagement on the reasonableness of the directors' assumptions

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the forecast information in accordance with the JSE Listings Requirements for forecast information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the directors' assumptions provide a reasonable basis for the preparation and presentation of the forecast information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions and agreeing or reconciling with underlying records.

Our procedures included evaluating the directors' best-estimate assumptions on which the forecast information is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the directors' assumptions provide a reasonable basis for the preparation and presentation of the forecast information.

Limited assurance conclusion on the reasonableness of the directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the directors' assumptions do not provide a reasonable basis for the preparation and presentation of the forecast information for the period ending 28 February 2018 and the year ending 28 February 2019.

Reasonable assurance engagement on the forecast information

Reporting accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the forecast information is properly prepared and presented on the basis of the directors' assumptions disclosed in the notes to the forecast information (the assumptions) and in accordance with the JSE Listings Requirements for forecast information. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such forecast information is properly prepared and presented on the basis of the directors' assumptions disclosed in the notes to the forecast information and in accordance with the JSE Listings Requirements for forecast information.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the forecast information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Listings Requirements for forecast information. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the forecast information. In making those risk assessments, we considered internal control relevant to Castlevision's preparation and presentation of the forecast information.

Our procedures included:

- inspecting whether the forecast information is properly prepared on the basis of the assumptions;
- inspecting whether the forecast information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- inspecting whether the forecast statement of profit or loss and other comprehensive income is prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;
- the forecast information has not been properly compiled on the basis stated;
- the forecast information has not been properly presented and all material assumptions are not adequately disclosed; and
- the forecast information is not presented on a basis consistent with the accounting policies of Castleview.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material; accordingly, no assurance is expressed regarding the achievability of the forecast.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 13.15 of the JSE Listings Requirements and for no other purpose.

Report on other legal and regulatory requirements

In accordance with our responsibilities set out in the JSE Listings Requirements, paragraph 13.15(b), we have performed the procedures set out therein. If, based on the procedures performed, we detect any exceptions; we are required to report those exceptions. We have nothing to report in this regard.

Consent

We consent to the inclusion of this report, which will form part of the PLS, to be issued on or about 13 December 2017, in the form and context in which it appears.

Nolands Jhb Inc.

Chartered Accountants (SA)

Registered Auditors

Practice number 905119

Darryl Fordham

Director

Chartered Accountant (SA)

Reporting Accountan

CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL POSITION OF THE CASTLEVIEW GROUP

Pro-forma balance sheet as at 31 August 2017

Set out below is the consolidated *pro forma* statement of financial position of Castleview as at 31 August 2017. The consolidated *pro forma* statement of financial position has been prepared to reflect the financial position of Castleview after adjusting for the acquisition, Castleview's REIT status, refinancing of interest-bearing borrowings and listing (collectively, "**the adjustments**"), on the assumption that the adjustments took place on 31 August 2017 and on the basis set out in the notes to the consolidated *pro forma* statement of financial position below.

During the period ended 31 August 2017, Castleview incorporated and capitalised Castleview One for a nominal amount. The consolidated statement of financial position of Castleview therefore incorporates the statement of financial position of Castleview One. The adjustments include the effects of the acquisition (further explained in notes 2 and 3 to the consolidated *pro forma* statement of financial position), whereby, on 1 October 2017, Castleview, through its major subsidiary Castleview One subscribed for 99.9% of the voting equity interest of FEC Prop which owns Pier 14.

The consolidated *pro forma* statement of financial position is the responsibility of the directors of Castleview and has been prepared for illustrative purposes to illustrate the effects of the adjustments on Castleview financial position at 31 August 2017. Due to the nature of the consolidated *pro forma* statement of financial position, it may not give a fair reflection of the financial position, changes in equity, results of operations or cash flows of Castleview after the adjustments.

The consolidated *pro forma* statement of financial position has been prepared in terms of the Listings Requirements, IFRS, and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants and the accounting policies of the company as set out in **Annexure 16**.

	Balances at 31 August 2017	Acquisition	Consolidation adjustment	Adjustment for REIT conversion	Adjustment for debt refinancing	Adjustment for the listing	<i>Pro forma</i> after the adjustments
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
Investment Property	–	308 690 842	5 435 540	–	–	–	314 126 382
Property, Plant and Equipment	–	860 531	–	–	–	–	860 531
Goodwill	–	–	56 985 337	(56 985 337)	–	–	–
Operating Lease Asset	–	5 435 540	(5 435 540)	–	–	–	–
	–	314 986 913	56 985 337	(56 985 337)	–	–	314 986 913
Other Financial Assets	153 419 384	–	(153 419 384)	–	–	–	–
Trade receivables	–	1 042 062	–	–	–	–	1 042 062
Cash	40 351 164	4 012 029	(27 984 230)	–	(8 041 786)	(2 753 512)	5 583 665
TOTAL ASSETS	193 770 548	5 054 091	181 403 614	–	(8 041 786)	(2 753 512)	(6 625 727)
	193 770 548	320 041 004	(124 418 277)	(56 985 337)	(8 041 786)	(2 753 512)	321 612 640
Stated Capital	165 000 000	97 089 215	(97 089 215)	–	–	–	165 000 000
Retained Income	86 269	27 329 062	(27 329 062)	2 500 000	–	(2 753 512)	(167 243)
	165 086 269	124 418 277	(124 418 277)	2 500 000	–	–	164 832 757
Other financial liabilities	–	–	–	–	119 872 527	–	119 872 527
Shareholders loans	28 650 292	–	–	–	–	–	28 650 292
Deferred Tax Liability	–	59 485 337	–	(59 485 337)	–	–	–
	28 419 384	59 485 337	–	(59 485 337)	119 872 527	–	148 522 819
Trade Payables	–	6 358 530	–	–	–	–	6 358 530
Tax Payable	33 672	1 864 547	–	–	–	–	1 898 219
Other Financial Liabilities	–	127 914 313	–	–	(127 914 313)	–	–
Bank overdraft	315	–	–	–	–	–	315
	33 987	136 137 390	–	–	(127 914 313)	–	8 257 064
TOTAL EQUITY AND LIABILITIES	193 770 548	320 041 004	(124 418 277)	(56 985 337)	(8 041 786)	(2 753 512)	321 612 640
Shares in issue	33 000 000	–	–	–	–	–	33 000 000
NAV per share	5.00	–	–	–	–	–	5.00
NTAV per share	5.00	–	–	–	–	–	5.00
NTAV excluding deferred tax per share	5.00	–	–	–	–	–	5.00
LTV gross	–	–	–	–	–	–	47,1%
LTV net of cash	–	–	–	–	–	–	45,4%

Notes and Assumptions

1. Extracted without adjustment from the audited consolidated statement of financial position of Castleview as at 31 August 2017 as set out in **Annexure 16** of this pre-listing statement. The report of the independent reporting accountant, Nolands, report on the historical financial information of Castleview is set out in **Annexure 17** of this pre-listing statement.
2. Extracted without adjustment from the audited statement of financial position of FEC Prop as at 31 August 2017 prepared in compliance with IFRS and audited by Nolands who issued an unqualified audit opinion there on. The audited financial statements of FEC Prop for the six months ended 31 August 2017 together with the audit opinion are available for inspection as set out in paragraph 34 of this pre-listing statement. To the extent applicable, the accounting policies of FEC Prop are consistent with those of Castleview as set out **Annexure 16**.
3. Represents consolidation adjustments related to the acquisition of FEC Prop as set out in **Annexure 7**. The purchase consideration is R181.4 million and is settled in cash funded by repayment of the loan receivable of R153.4 million and the balance of R28 million from existing cash. The acquisition is classified as a business combination and is accounted for in terms of IFRS 3: Business Combinations. The preliminary purchase price allocation is based on management's current estimate of the fair values of assets and liabilities acquired, for purposes of the consolidated *pro forma* statement of financial position. Goodwill of R57.0 million is recognised, being the difference between the purchase consideration of R181.4 million and the equity of FEC Prop of R124.4 million. Consolidation adjustments include the reversal of the operating lease assets of R5.4 million to investment property (the aggregate carrying value of investment property and property, plant and equipment amounts to R315.0 million, as per valuation set out in **Annexure 9**), the reversal of stated capital and "at acquisition" retained income, and other financial assets of R153.4 million and cash of R28.0 million used to finance the acquisition.
4. Represents the reversal of deferred taxation of R59.5 million no longer required to be recognised as a result of Castleview obtaining REIT status upon listing. The amount is reversed against goodwill, resulting in a bargain purchase of R2.5 million which is recorded in retained income.
5. Represents settlement of existing interest-bearing borrowings of R127.9 million, R119.9 million of which is settled from new interest-bearing borrowings from ABSA, and the balance of R8.0 million from existing cash. The directors are of the opinion that the new facility renegotiated with ABSA Bank is on more favourable terms than the existing facility.
6. Represents the recognition of Castleview's share of listing expenses of R2.7 million as set out in paragraph 33 of this pre-listing statement which are settled from existing cash. The balance of the listing expenses will be paid by the asset manager.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL POSITION OF CASTLEVIEW

“6 December 2017

The board of Directors
 Castleview Property Fund Limited
 411 The Hills Buchanan Square
 160 Sir Lowry Road
 Woodstock
 Cape Town
 7985

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF CASTLEVIEW PROPERTY FUND LIMITED (“CASTLEVIEW” OR “THE COMPANY”)

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Castleview by the directors. The *pro forma* financial information, in **Annexure 13** of the Castleview pre-listing statement to be issued on or about 13 December 2017 (“**the Pre-listing statement**”), consists of the *pro forma* statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (“**JSE**”) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in **Annexure 13**, on the Company's financial position as at 31 August 2017, as if the corporate action or event had taken place at 31 August 2017. As part of this process, information about the Company's financial position has been extracted by the directors from the Company's financial statements as at 31 August 2017, on which an auditor's report was issued on 23 November 2017.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 13** and as described in the notes to the consolidated *pro forma* statement of financial position.

Our independence and quality control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the international Ethics Standards board for Accountants, which is founded on fundamental principle of integrity, objectively, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (“**ISAE**”) 3420: *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a pre-listing statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 13**.

Consent

This report on the *pro forma* statement of financial position is included solely for the information of the Castleview shareholders.

We consent to the inclusion of our report on the *pro forma* statement of financial position and the references thereto, in the form and context in which they appear.

Nolands Jhb Inc.

Chartered Accountants (SA)

Registered Auditors

Practice number 905119

Darryl Fordham

Director

Chartered Accountant (SA)

Reporting Accountant”

REVIEW CONCLUSION ON THE VALUATION AND EXISTENCE OF THE ASSETS AND LIABILITIES ACQUIRED BY CASTLEVIEW

“6 December 2017

The board of Directors

Castleview Property Fund Limited
411 The Hills Buchanan Square
160 Sir Lowry Road
Woodstock
Cape Town
7985

Dear Sirs

REVIEW CONCLUSION ON THE VALUATION AND EXISTENCE OF THE ASSETS AND LIABILITIES ACQUIRED BY CASTLEVIEW PROPERTY FUND LIMITED (“CASTLEVIEW”)

Introduction

We have reviewed the assets and liabilities acquired by Castleview reflected in the adjustment columns (“**the adjustment columns**”) of the *pro forma* statement of financial position included in **Annexure 13** of the pre-listing statement to be issued on or about 13 December 2017 (“**the Pre-listing statement**”) as required by paragraph 13.16(e) of the JSE Limited (“**JSE**”) Listings Requirements.

Directors’ responsibility for the pro forma statement of financial position

The directors are responsible for the preparation and presentation of the financial information in accordance with paragraph 13.16 (a)-(d) of the JSE Listings Requirements (the JSE Listings Requirements for the adjustment columns of the *pro forma* statement of financial position), as set out in paragraph 2 of the *pro forma* statement of financial position, and for such internal controls as the directors determine is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Independent reviewers’ responsibility

Our responsibility is to express a conclusion on the financial information. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in accordance with JSE Listings Requirements for the adjustment columns of the *pro forma* statement of financial position. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information is not prepared, in all material respects, in accordance with the JSE Listings Requirements for the adjustment columns of the *pro forma* statement of financial position, as set out in paragraph 2 to the *pro forma* statement of financial position.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirement of paragraph 13.16(c) of the JSE Limited Listings Requirements, and for no other purpose.

Consent

This report on the valuation and existence of the assets and liabilities is included solely for the information of the Castlevue shareholders.

We consent to the inclusion of our report on the valuation and existence of the assets and liabilities and the references thereto, in the form and context in which they appear.

Nolands Jhb Inc.

Chartered Accountants (SA)

Registered Auditors

Practice number 905119

Darryl Fordham

Director

Chartered Accountant (SA)

Reporting Accountant”

HISTORICAL FINANCIAL INFORMATION OF CASTLEVIEW

Set out below are the audited consolidated financial statements of Castleview as at 31 August 2017. The audited consolidated financial statements are the responsibility of the directors. The financial statements, from which the information below was extracted, were prepared in accordance with the Companies Act and International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board and which were audited by Nolands, who issued an unqualified audit opinion thereon. The audited consolidated financial statements as at the date of incorporation are available for inspection on the company's website (www.castleview.co.za). The independent auditors' report on the historical financial information is presented in **Annexure 17**. Nolands was appointed as auditor and reporting accountant to Castleview on 15 August 2017.

During the period ended 31 August 2017, Castleview incorporated and capitalised Castleview One for a nominal amount. The historical financial information of Castleview therefore incorporates the financial statements of Castleview One.

As set out in notes 10 and 11 below, subsequent to 31 August 2017 and on 1 October 2017, the company, through its subsidiary Castleview One subscribed for 99.9% of the voting equity interest of FEC Prop for a consideration of R181 million, which resulted in the company obtaining control over FEC Prop.

Commentary

Castleview was incorporated in South Africa on 6 July 2017. The group is a property holding and investment company.

During the period ended 31 August 2017:

- James Templeton was appointed to the board of directors;
- Castleview incorporated and capitalised Castleview One for R100 settled in cash;
- 33 000 000 ordinary shares were issued at R5.00 each;
- the company did not trade; and
- no dividends were declared.

Details of material events occurring subsequent to 31 August 2017 are set out in note 10.

Consolidated Statement of Financial Position as at 31 August 2017

Figures in Rand	Note(s)	31 August 2017
Assets		
Current assets		
Other financial assets	4	153 419 384
Cash and cash equivalents	5	40 351 164
Total assets		193 770 548
Equity and liabilities		
Equity		
Share capital	6	165 000 000
Retained income		86 269
		165 086 269
Liabilities		
Non-current liabilities		
Loans from group companies	7	28 650 292
Current liabilities		
Current tax payable		33 672
Bank overdraft		315
Total liabilities		28 684 279
Total equity and liabilities		193 770 548
Net asset value per share		5.00
Net tangible asset value per share		5.00

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	Two months ended 31 August 2017
Other operating expenses		(15 315)
Operating loss		(15 315)
Investment income		366 164
Finance costs		(230 908)
Profit before taxation		119 941
Taxation	8	(33 672)
Total comprehensive income for the period		86 269
Per share information		
Basic and diluted earnings per share (c)	9	0.46
Headline earnings per share (c)	9	0.46

Consolidated Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Group			
Profit for the period	–	86 269	86 269
Total comprehensive income for the period	–	86 269	86 269
Issue of shares	165 000 000	–	165 000 000
Total contributions by and distributions to owners of group recognised directly in equity	165 000 000	–	165 000 000
Balance at 31 August 2017	165 000 000	86 269	165 086 269
Note(s)	6		

Consolidated Statement of Cash Flows

Figures in Rand	Note(s)	Two months ended 31 August 2017
Cash flows from operating activities		
Cash used in operations		(15 315)
Interest income		366 164
		350 849
Cash flows from financing activities		
Proceeds on share issue	6	40 000 000
Total cash movement for the period		40 350 849
Total cash at end of the period	5	40 350 849

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 Basis of preparation

The consolidated financial have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (“IFRS”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) effective at the time of preparing these consolidated financial statement and the Companies Act 71 of 2008, as amended.

These consolidated financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree’s identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

On acquisition, the acquiree’s assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses in the separate financial statements of the company.

1.4 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

Transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax is charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.7 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

1.8 Earnings per share

The group presents basic earnings per share and headline earnings per share for its shares.

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of shares in issue during the period.

Headline earnings per share is calculated by dividing the headline earnings attributable to equity holders by the weighted average number of shares in issue during the period.

There are no dilutionary instruments in issue.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 September 2017 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

The effective date of the standard is for years beginning on or after 1 January 2019.

The group expects to adopt the standard for the first time in the 2020 financial statements.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated financial statements.

IFRS 9 Financial Instruments

Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 financial statements.

The impact of this standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 financial statements.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated financial statements.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The group expects to adopt the amendment for the first time in the 2018 financial statements.

The adoption of this amendment is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated financial statements.

4. **OTHER FINANCIAL ASSETS**

Figures in Rand	31 August 2017
Loans and receivables	
Loans and other receivables	153 419 384
Current assets	
Loans and receivables	153 419 384

As part of the settlement of the shareholder's subscription for shares in the group, a loan claim and accrued interest on the loan claim owed by I Group Investments (Pty) Ltd to the shareholder, was ceded to the group.

The group will cede this loan claim and accrued interest on loan claim in turn as part of its subscription consideration for the acquisition of shares in the property holding company as detailed under note 10.

Due to the fact that the transaction is to be concluded within 3 months of the end of the financial period, the amount receivable represents the fair value of the financial asset.

The maximum exposure to credit risk at the reporting date is the carrying values.

The group does not require any collateral to be held

Fair value information

The amount receivable represents the fair value of the financial asset. The loan receivable has been classified as a level 3 financial asset.

Credit quality of other financial assets

The loan receivable existed at period-end, but formed part of the settlement amount for the subscription of shares in FEC Prop as per note 15 and as such is considered fully recoverable after period-end.

5. **CASH AND CASH EQUIVALENTS**

Figures in Rand	31 August 2017
Cash and cash equivalents consist of:	
Bank balances	40 351 164
Bank overdraft	(315)
	40 350 849
Current assets	40 351 164
Current liabilities	(315)
	40 350 849

The carrying value of cash and cash equivalents approximates its fair value, due to the short-term nature of these balances.

All cash at bank are held by major, reputable financial institutions that management believes are of high credit quality and accordingly minimal credit risk exists.

The carrying amounts of cash and cash equivalents represent the maximum credit exposure.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:

Figures in Rand	31 August 2017
Credit rating	
za.A (S&P)	40 350 849

6. **SHARE CAPITAL**

Figures in Rand	31 August 2017
Authorised	
Ordinary shares of no par value	1 000 000 000
Reconciliation of number of shares issued	
Opening balance	–
Issue of shares – ordinary shares of no par value	33 000 000
Closing balance	33 000 000
Unissued ordinary shares are under the control of the director in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.	
Issued	
No par value ordinary shares	165 000 000

7. LOANS FROM GROUP COMPANIES

Figures in Rand

31 August 2017

Holding company

Urban Retail Property Investments 1 (Pty) Ltd (28 650 292)

This four-year loan facility is due and payable in full on 31 December 2021. This loan bears interest at SA Prime less 0.25% and is unsecured. Interest on this facility is capitalised to the loan for the duration of the loan and is repayable in full at the date of repayment of the loan.

This loan facility is convertible into shares in the Company at a conversion rate being the higher of the initial subscription price into the company of R5.00 per share or at the 3-day VWAP of the company at the date of exercise. This option exists at the election of the Company.

The fair value of the loan payable is estimated to approximate its carrying value due to the interest rate being market related for similar entities.

Non-current liabilities (28 650 292)

8. TAXATION

Major components of tax expenses

Current

Local income tax – current period 33 672

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense

Accounting profit 119 941

Tax at the applicable rate of 28% 33 583

Tax effect of adjustments on taxable income

Non-deductible expenditure 89

33 672

9. EARNINGS PER SHARE

Profit attributable to shareholders 86 269

Weighted average number of ordinary shares in issue 18 857 143

Basic, diluted and headline earnings per share (c) 0.46

10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subscription into investment property holding company

On 1 October 2017 the company, through its subsidiary Castlevue One (Pty) Ltd subscribed for 99.9% of the voting equity interest of Gritprop Investments (Pty) Ltd for a consideration of R181 million, which resulted in the company obtaining control over Gritprop Investments (Pty) Ltd. Gritprop Investments (Pty) Ltd is principally a property holding company

See note 15 for further details.

11. DIRECTORS' EMOLUMENTS

No emoluments were paid to the director or any individuals holding a prescribed office during the period.

12. COMPARATIVE FIGURES

No comparative figures have been presented as these are the first consolidated financial statements of the group company. As a result, the current period is shorter than a year.

13. CATEGORIES OF FINANCIAL INSTRUMENTS

Categories of financial instruments – 2017	Debt instruments at amortised cost	Financial liabilities at amortised cost	Loans and receivables	Total
Assets				
Current assets				
Other financial assets	–	–	153 419 384	153 419 384
Cash and cash equivalents	40 351 164	–	–	40 351 164
	40 351 164	–	153 419 384	193 770 548
Liabilities				
Non-current liabilities				
Loans from group companies	–	28 650 292	–	28 650 292
Current liabilities				
Bank overdraft	315	–	–	315
	315	28 650 292	–	28 650 607

14. RISK MANAGEMENT

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 7, cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the group monitors capital on the basis of the loan to value ratio.

The loan-to-value ratio is calculated by dividing interest bearing borrowings net of cash on hand by the total of investment properties.

The group's strategy is to maintain a loan to value ratio of between 45 to 55.

Financial risk management

The group's activities expose it to a variety of financial risks: interest rate risk, cash flow risk, credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 August 2017	Less than one year	Between two and five years
Bank overdraft	315	
Loan from shareholder		28 650 292

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Group policy is to maintain approximately 50% of its borrowings in fixed rate instruments. During 2017 however, the group's borrowings were maintained at variable rates as variable rate interest earnings on cash and equivalents held offsets the risk of fluctuations in interest rates.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Credit risk

Credit risk consists mainly of cash equivalents and other loan receivables. The group only deposits cash with major banks with high quality credit standing. No collateral is held over loans receivable.

Financial assets exposed to credit risk at period end were as follows:

Financial instrument	2017
Cash and cash equivalents	40 351 164
Loans receivable	153 419 384

15. BUSINESS COMBINATIONS

Castlevision One (Pty) Ltd (previously K2017290458 (South Africa) (Pty) Ltd)

On 10 August 2017 the group acquired 100% of the voting equity interest of Castlevision One (Pty) Ltd which resulted in the group obtaining control over Castlevision One (Pty) Ltd. Castlevision One (Pty) Ltd is principally involved in investment in property. The business combination was entered into in order to obtain exposure to the retail property sector through the subsequent investment by Castlevision One into Gritprop Investments (Pty) Ltd.

The company invested R165 million of its assets into Castlevision One (Pty) Ltd. Castlevision One (Pty) Ltd had no other assets or liabilities at the date of subscription and hence this transaction had no impact on the consolidated position of the company.

Gritprop Investments (Pty) Ltd

On 1 October 2017 the group, through its subsidiary Castlevision One (Pty) Ltd subscribed for 99.9% of the voting equity interest of Gritprop Investments (Pty) Ltd which resulted in the group obtaining control over Gritprop Investments (Pty) Ltd. Gritprop Investments (Pty) Ltd is principally a property holding company. The business combination was entered into in order to obtain exposure to the retail property sector through assets owned in Gritprop Investments (Pty) Ltd.

Goodwill of R56 860 919 arising from the acquisition consists largely of the deferred tax liability on the statement of financial position of the subsidiary on the date of subscription. As it is the intention of the group to list as a Real Estate Investment Trust in the near future, this liability was excluded from the subscription valuation and this goodwill will be reversed against such deferred tax liability on consolidation upon completion of the listing.

Fair value of assets acquired and liabilities assumed

Figures in Rand	31 August 2017
Property, plant and equipment	860 531
Investment property	314 126 382
Trade and other receivables	1 042 062
Cash and cash equivalents	4 012 029
Other financial liabilities	(127 914 313)
Deferred tax	(59 485 337)
Trade and other payables	(6 358 530)
Current tax payable	(1 864 547)
Total identifiable net assets	124 418 277
Non-controlling interest	124 418
Goodwill	56 860 919
	181 403 614
Acquisition date fair value of consideration paid	
Cash	(27 984 230)
Other loans and receivables	(153 419 384)
	(181 403 614)

Receivables acquired

Receivables acquired per major class are as follows, as at acquisition date:

	2017		
	Fair value	Gross contractual amounts	Contractual amounts not expected to be recovered
Trade and other receivables	1 042 062	1 042 062	0

16. RELATED PARTIES

Relationships

Holding company

Urban Retail Property Investments 1 (Pty) Ltd

Subsidiary

Castleview One (Pty) Ltd

Related party balances**Loan accounts – Owing (to) by related parties**

Urban Retail Property Investments 1 (Pty) Ltd

(28 650 292)

Interest paid to (received from) related parties

Urban Retail Property Investments 1 (Pty) Ltd

230 908

17. GOING CONCERN

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

INDEPENDENT AUDITORS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CASTLEVIEW

“6 December 2017

The board of Directors

Castleview Property Fund Limited
 411 The Hills Buchanan Square
 160 Sir Lowry Road
 Woodstock
 Cape Town
 7985

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT TO THE SHAREHOLDERS OF CASTLEVIEW PROPERTY FUND LIMITED

Opinion

We have audited the consolidated financial statements of Castleview Property Fund Limited as at 31 August 2017, set out in Annexure 16 of the Castleview pre-listing statement to be issued on or about 13 December 2017 (“**the Pre-listing statement**”) in compliance with the JSE Limited (“**JSE**”) Listings Requirements, which comprises the Consolidated statement of financial position as at 31 August 2017, and the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the period ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements presents fairly, in all material respects, the financial position of Castleview Property Fund Limited as at 31 August 2017, in accordance with International Financial Reporting Standards, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Reporting Accountants *Code of Professional Conduct for Registered Reporting Accountants* (“**IRBA Code**”) and other independence requirements applicable to performing audits of financial information in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing statement to the shareholders of Castleview, in the form and context in which it appears.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial information

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act of South Africa and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial information the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountant's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountant's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nolands Jhb Inc.

Chartered Accountants (SA)
Registered Auditors
Practice number 905119

Darryl Fordham
Director
Chartered Accountant (SA)
Reporting Accountant
Noland House
River Park
River Lane
Mowbray
7700"

CAPITAL STRUCTURE

1. AUTHORISATIONS

The following resolutions have been duly passed by the sole shareholder on 26 October 2017:

1.1 “Special Resolution Number One – Conversion to a Public Company

RESOLVED THAT, the Company be and is hereby converted from a private company to a public company with effect from the date that the registration certificate is issued by the Companies and Intellectual Property Commission (the “**Commission**”).

The name of the Company will, after the conversion, be “*Castleview Property Fund Limited*” as reflected in the New Memorandum of Incorporation adopted in terms of Special Resolution Number Two.

This resolution requires the approval of at least 75% of the voting rights of shareholders exercised on the resolution.

Explanatory Note

Special Resolution Number One is proposed because the Company wishes to convert from a private company to a public company in order to list its ordinary shares on the Alternative Exchange (ALT^X) of the JSE Limited (“**JSE**”).”

1.2 “Special Resolution Number Two – Adoption of New Memorandum of Incorporation

RESOLVED THAT, subject to Special Resolution Number Two being passed and becoming effective, and in accordance with section 16(1)(c) of the Companies Act, the existing memorandum of incorporation of the Company be and is hereby, substituted in its entirety by the New Memorandum of Incorporation annexed hereto as **Annexure A**, with effect from the date that the registration certificate is issued by the Commission.”

This resolution requires the approval of at least 75% of the voting rights of shareholders exercised on the resolution.

Explanatory Note:

Special Resolution Number Two is proposed in order to inter alia adopt a memorandum of incorporation in compliance with the JSE Listings Requirements and to give effect to Special Resolution Number One.

1.3 “Ordinary Resolution Number One – Signature Of Documentation

RESOLVED THAT, any one or more of the directors of the Company or any other person to whom a director has delegated his/her authority to do so, be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental implementation of the resolutions contained herein; and if and to the extent that any director has already signed all or any of the documents necessary for the implementation of the resolutions prior to the passing of the resolutions in this document, such and anything already done in good faith in relation thereto be and are hereby approved of and ratified by the Company to the extent permissible in law.”

This resolution requires the approval of more than 50% (fifty percent) of the voting rights of shareholders exercised on the resolution.

The following resolutions have been duly passed by the board of directors on 26 October 2017.

RESOLUTIONS

NOW THEREFORE IT IS RESOLVED BY THE BOARD AS FOLLOWS:

1.1 “the Board proposes to the sole shareholder of the Company (“**Shareholder**”), in terms of section 16(1)(c)(i)(aa) of the Companies Act, that the Existing Memorandum of Incorporation be amended as contemplated paragraph 2 above and, in accordance with sections 16(1)(c) and 16(5)(a) of the Companies Act, the Shareholder adopt resolutions in terms of section 60 of the Companies Act, approving –

1.1.1 the Company Conversion; and

1.1.2 the substitution of the Existing Memorandum of Incorporation with the New Memorandum of Incorporation;

1.2 any director or secretary of the Company or any other person to whom a director has delegated his/her authority to do so, be and is hereby authorised to sign all documents and any amendments thereto, take all such steps and do all such other things as may be necessary in order to give effect to and/or implement the resolutions contained herein; and

1.3 if and to the extent that any director has already signed all or any of the documents necessary for the implementation of the resolutions prior to the passing of the resolutions in this document, such actions and anything already done in good faith in relation thereto be and are hereby approved of and ratified by the company to the extent permissible in law.”

2. RIGHTS ATTACHING TO SHARES

- 2.1 Extracts of the company's MOI relating to rights attaching to shares are set out in **Annexure 5**.
- 2.2 In accordance with the company's MOI, during any vote at any general meeting every person present and entitled to exercise voting rights shall be entitled to 1 vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise or on a poll any person who is present at the meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder.
- 2.3 Shareholders are entitled to participate proportionally in any distribution made by the company and to receive proportionally the net assets of the company upon its liquidation.
- 2.4 Any variation in rights attaching to shares will require the consent of 75% of shareholders in a general meeting in accordance with the company's MOI.
- 2.5 Only such members that are registered in the company's register on the day when a distribution is declared or on such other day as may be determined by the board as the last date for registration for the distribution, will be entitled to receive the distribution so declared.

3. OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES

- 3.1 In terms of the loan agreement concluded between the company and Urban Retail, the details of which are set out in **Annexure 19**, the company will, at its election, be entitled to repay the entire amount outstanding in terms such loan agreement (but not a portion only) through the allotment and issue of new Castleview shares at the listing price or the 5-day VWAP of Castleview shares as at the date of such repayment.
- 3.2 Save as set out above, there are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the company.
- 3.3 There are no preferential conversion and/or exchange rights in respect of any of the shares.

4. ALTERATIONS TO SHARE CAPITAL

- 4.1 The company was incorporated on 6 July 2017 with authorised share capital of 1 billion ordinary shares of no par value.
- 4.2 No share repurchases have been undertaken by the company since its incorporation.
- 4.3 There have been no sub-divisions or consolidations of shares since incorporation of the company.
- 4.4 Other than as provided in this paragraph 4 and paragraph 5, there have been no alterations to the authorised and issued share capital of the company since incorporation of the company.

5. ISSUES OF SHARES

- 5.1 Other than as set out in the table below there have been no other issues or offers of securities of Castleview since its incorporation.

Date	Nature	Counterparty	No of shares	Price	Reason
Incorporation	Incorporation issue	James Templeton	1	R1	Incorporation issue
18 August 2017	Issue for cash	Urban Retail	32 999 999	R165 000 000	Initial share issuance

- 5.2 There were no assets acquired or to be acquired out of the proceeds of any issues. All shares which have been issued, were issued at a price which was considered to represent the market value for the company's shares.

6. CONFIRMATION OF SPREAD

At the time of listing Urban Retail will hold 90% of the issued share capital of the company, with the balance of 10% of the issued share capital being held by at least 20 public shareholders, thereby satisfying the spread requirements to qualify for a listing on the ALT^x. Prior to the listing date and in order to satisfy the JSE spread requirements, Urban Retail will have disposed of 3 300 000 Castleview shares at R5 per share to at least 20 public shareholders pursuant to a sale of shares agreement.

7. STATEMENT AS TO LISTING ON STOCK EXCHANGE

The shares of the company are not listed on any other stock exchange.

MATERIAL BORROWINGS

MATERIAL LOANS PAYABLE BY THE GROUP

The following material loans were made to the company and its subsidiaries as at the last practical date.

Borrower	Origination	Lender	Type	Balance at last practical date	Interest rate	Date of the loan	Security	Details of repayment	If repayable within 12 months how repayment is to be financed
FEC Prop	General Funding Purposes	ABSA Bank Limited	Investment Loan	R165 000 000	Prime minus 1%	21 July 2017	Continuing covering mortgage bond over the property; cession in security of rights to leases and rentals in respect of the property; and Limited guarantee by I Group Investments Proprietary Limited	Interest is payable on the 10th day of each month, in arrears for 36 months with a final bullet payment of the capital amount after 36 months	n/a
Castleview	General Funding Purposes ¹	Urban Retail	Investment Loan	R28 419 384	Prime minus 0.25%	17 November 2017	None – shareholder loan	Interest is capitalised. Both interest and capital are repaid on 31 December 2021	n/a
Total				193 419 384					

1. As detailed in paragraph 3.1 of Annexure 18, the company will at its election be entitled to repay the entire amount outstanding in terms of the loan agreement (but not a portion only) through the allotment and issue of new Castleview shares at the listing price or the 5-day VWAP of Castleview shares as at the date of such repayment.

CORPORATE GOVERNANCE STATEMENT

The board recognises the importance of sound corporate governance and endorses and monitors compliance with the King IV. The board confirms that the company will, from the date of the JSE listing, be compliant with the provisions of King IV in all material respects.

The directors recognise that, through good governance, the company will realise an ethical culture, good performance, effective control and legitimacy. The directors in particular recognise the need to manage the group with integrity and to provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to shareholders and other stakeholders, that provide a proper and objective overview on the company and its activities, directing the strategy and operations of the group with the intention of building a sustainable business, and considering the short and long-term impact of this strategy on the economy, society and the environment. The board will ensure that the group is a responsible corporate citizen through the corporate governance policies detailed below.

BOARD OF DIRECTORS

The board comprises four independent non-executive directors, and two executive directors. The roles of chairman and CEO are clearly defined to ensure a balance of power. The board's main functions include:

- adopting strategic plans and ensuring they are carried out by management;
- considering and approving major issues, including acquisitions, disposals and reporting; monitoring Castlevision's operational performance, and
- overseeing the effectiveness of the internal controls designed to ensure that assets are safeguarded, proper accounting records are maintained and that the financial information on which business decisions are made and which is issued for publication is reliable.

The directors' varied backgrounds and experience provide Castlevision with an appropriate mix of knowledge and expertise that is necessary to manage the business effectively. Furthermore, a clear division of responsibilities at board level will ensure a balance of power and authority, so that no individual can take unilateral decisions. The board aims to meet formally at least quarterly. Company policies and procedures will be adopted by all subsidiaries.

The board is confident that the group has established an effective framework and processes for compliance with laws, codes, rules and standards.

The board has constituted the following committees:

1. INVESTMENT COMMITTEE

Members: David Green (Chairman) Gregory Bayly and Avesh Padayachee

The investment committee considers all acquisitions, developments and disposal of held-for-sale investments. Appropriate investments or disposals are subsequently presented to the board for consideration.

This committee is not compulsory in terms of the JSE Listings Requirements or King IV and there are no restrictions on the composition and functions of the committee.

2. REMUNERATION AND NOMINATION COMMITTEE

Members: Avesh Padayachee (Chairman), and Richard Volks

The remuneration and nomination committee assesses and recommends to the board the remuneration and incentivisation of the company's directors and oversees the process for nominating, electing and appointing members of the board, succession planning for directors and the evaluation of the performance of the board. The remuneration and nomination committee meets at least [four] times per financial year. Ad hoc meetings are held to consider special business, as required. The chief executive officer attends meetings of the remuneration and nomination committee, or part thereof, if needed to contribute pertinent insights and information.

3. AUDIT AND RISK COMMITTEE

Members: Gregory Bayly (Chairman), Richard Volks and Avesh Padayachee

The audit and risk committee (the “**committee**”), comprising three independent non-executive directors, meets at least four times a year and is primarily responsible for:

- providing independent oversight of among others, the effectiveness of the company’s assurance functions and services, with particular focus on combined assurance arrangements, external assurance service providers, internal audit and the finance function, as well as the integrity of the annual financial statements and external reports issued by the company. The committee adopts a model that incorporates and optimises all assurance services and functions so that, taken as a whole, an effective control environment is achieved, the integrity of information used for internal decision-making by management, the board and its committees is supported, and the integrity of external reports is supported. The committee further oversees that this combined assurance model is implemented so as to effectively cover the company’s significant risks and material matters; and
- developing a risk management policy and monitoring its implementation. The group’s risk management policies identify and analyse group risks, set appropriate limits and controls and monitor risks and adherence to limits. The directors have overall responsibility for the group’s internal control and for reviewing its effectiveness. The controls identify and manage group risks rather than completely eliminating failure. Therefore, internal controls provide reasonable, but not absolute, assurance against material misstatement or loss. The implementation and operation of these systems is the responsibility of management and processes are communicated regularly to employees informing them of their responsibilities. Systems include strategic planning, appointment of qualified staff, regular reporting and monitoring of performance and effective control over investments. Internal financial control is appropriate for the size and activities of the group. Significant risks identified are communicated to the board, together with the recommended actions.

The chief executive officer and financial director may attend committee meetings by invitation. The committee ensures that the group’s financial performance is being properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, internal control systems and procedures, and accounting policies. All members of the board should have adequate financial literacy skills. The committee further oversees the management of financial and other risks that affect the integrity of external reports issued by the company and monitors whether the group’s assurance model is effective and sufficiently robust to ensure that the board is able to place reliance on the assurance underlying statements that the board makes concerning the integrity of the group’s external reports. Internal financial controls are based on comprehensive and regular reporting. Detailed revenue, cash flow and capital forecasts are prepared and updated throughout the year, and approved by the board.

The board will approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit on an annual basis. The committee is satisfied that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and will supplement internal audit as required. The committee monitors on an ongoing basis that internal audit follows an approved risk-based internal audit plan, reviews the organisational risk profile and proposes adaptations to the internal audit plan accordingly.

The committee oversees and makes recommendations to the board regarding the appointment, re-appointment and removal of the independent external auditor. In assessing the suitability for appointment of a current or prospective audit firm and designated individual auditor, the committee will (unless unlawful) request and consider:

- (i) the decision letter and findings report of the inspection performed by the professional/regulatory body for auditors in the relevant jurisdiction, on both the audit firm and the designated individual auditor;
- (ii) the findings report of the internal engagement monitoring inspection performed by the audit firm on their designated individual auditor; and
- (iii) the outcome and details of any legal or disciplinary proceedings instituted by any professional body of which they are a member or regulatory body to whom they are accountable.

The committee ensures the scope of the auditor’s work is sufficient and that they are fairly remunerated. In accordance with company policy, the committee also supervises the appointment of the auditor for non-audit services and reviews external audit plans and the results of their work. The committee meets with the external auditor at least annually to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum, as well as to discuss and review the accounts and audit procedures.

The board has concluded that committee members have the necessary financial literacy, skills and experience to execute their duties effectively and make worthwhile contributions to the committee's deliberations. Additionally, the Chairman has the requisite accounting and financial management experience. The committee has considered and found the expertise and experience of the financial director appropriate for the position. In order to fulfil its responsibility of monitoring the integrity of financial reports issued to shareholders, the committee will review the accounting principles, policies and practices adopted during the preparation of financial information and examine documentation relating to any annual reports and interim financial statements of the company. The clarity of disclosures included in financial statements will also be reviewed by the committee, as well as the basis for significant estimates and judgements.

The committee meets at least four times a year. Ad hoc meetings are held to consider special business, as required. The chief executive officer and/or other executive directors attend meetings of the committee, or part thereof, if needed to contribute pertinent insights and information.

4. **SOCIAL AND ETHICS COMMITTEE**

Members: James Templeton (Chairman), Richard Volks and David Green

The social and ethics committee oversees and reports on the group's organisational ethics, responsible corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the company's activities and of its products or services), sustainable development and stakeholder relationships. The social and ethics committee draws to the attention of the board matters within its mandate as occasion requires and reports to shareholders at the company's annual general meeting.

The social and ethics committee meets a minimum of four times per financial year. Ad hoc meetings are held to consider special business, as required.

5. **APPOINTMENT OF DIRECTORS**

Directors are appointed by the board or at the company's annual general meeting ("AGM"). Board appointed directors need to be re-appointed by the shareholders at the subsequent AGM. The longest serving third of the directors must be re-appointed by the shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the remuneration and nomination committee.

6. **DIRECTORS' DEALINGS**

Dealing in company securities by directors, their associates, and company officials is regulated and monitored in accordance with the JSE Listings Requirements and the requirements on any other stock exchange on which the company is listed from time to time. Castleview will maintain a closed period from the end of a financial period to publication of the financial results.

7. **INSIDER TRADING**

The group prohibits all directors and employees from using confidential information, not generally known or available to the public, for personal gain.

8. **EMPLOYEES**

The group's employees are essential to its success and the company is committed to treating them with dignity, trust and respect, and to build long-term relationships based on enforceable employment legislation and respect for human rights.

9. **CUSTOMERS**

Customer satisfaction is an overriding concern for the group, and plays a vital role in property management. In the current highly competitive environment, the group's success depends on meeting customers' needs.

10. **GOVERNMENT**

The group seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempts to improperly influence governmental decisions by offering, paying, soliciting, or accepting bribes, in any shape or form are tolerated.

11. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The group is an integral part of the community in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. Castleview therefore is dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

12. KING IV

So as to allow shareholders to make an informed assessment of the quality of governance insofar as the application of each of the 17 principles of King IV is concerned, set out below is a narrative explanation of the company's application of each principle.

12.1 The board of directors should lead ethically and effectively

Castleview is committed to ethical behaviour throughout its business, adopting the principles of integrity, competence, responsibility, accountability, fairness and transparency in order to offer effective leadership that achieves the group's strategic objectives and positive outcomes over time. The directors of the company are required to individually and collectively exhibit the following characteristics in their conduct.

12.1.1 Integrity

Individuals are responsible for their own ethical behaviour, and are expected to act, at all times and in all ways, in good faith and in the best interests of the company, and ethical behaviour beyond mere legal compliance is encouraged. A conflict of interest arises whenever there is a direct or indirect conflict, in fact or in appearance, between the interests of an individual and that of the company or where an individual's position or responsibilities present an opportunity for personal gain inconsistent with the group's best interest. Conflicts of interest should be avoided. If and when a conflict of interest does arise, the company's compliance officer is to be notified immediately, such that it can be proactively managed. A dedicated compliance register is regularly updated and submitted to the board for review and approval.

12.1.2 Competence

Directors are required to take steps to ensure that they have sufficient working knowledge of the company, its industry, the context of the economy, society and environment in which it operates, the capitals (financial, manufactured, intellectual, human, social and relationship) it uses and affects as well as of the key laws, rules, codes, and standards applicable to the group. Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision. Directors are also required to continuously develop their competence to lead effectively.

12.1.3 Responsibility

Directors of the company assume collective responsibility for steering and setting the direction of the group; approving policy and planning; overseeing and monitoring of implementation and execution by management; and ensuring accountability for organisational performance. Directors are also responsible for anticipating, preventing and otherwise ameliorating the negative outcomes of the organisation's activities and outputs on the context of the economy, society and environment in which it operates, and the capitals (financial, manufactured, intellectual, human, social and relationship) that it uses and affects.

Risks are taken and opportunities sought in a responsible manner and in the best interests of the company. Directors attend board meetings and board committee meetings and devote sufficient time and effort to prepare for those meetings.

12.1.4 Accountability

Directors are willing to answer for the execution of their responsibilities, even when these were delegated.

12.1.5 Fairness

Directors adopt a stakeholder-inclusive approach in the execution of their governance role and responsibilities, and the company is directed in a way that does not adversely affect the natural environment, society or future generations.

12.1.6 Transparency

Directors are transparent in the manner in which they exercise their governance role and responsibilities.

12.2 The board of directors should govern the ethics of the company in a way that supports the establishment of an ethical culture

The directors of the company recognise that they are ultimately responsible for the governance of ethics within the group, and for setting the direction for how ethics are approached and addressed, and that it is their role to set the tone for an ethical organisational culture where the above characteristics are cultivated across the business and adopted by all employees. For this purpose, the company will adopt a code of conduct and ethics policy to provide for arrangements that familiarise employees and other stakeholders with the company's ethical standards.

The group maintains the highest ethical standard and complies with all applicable legislation, rules, and regulations. The group's continued success depends on employing the most qualified people and establishing a working environment free from discrimination, harassment, intimidation or coercion based on race, religion, gender, age, nationality or disability.

The board has delegated the responsibility for implementation and execution of the codes of conduct and ethics policies to management, however exercises ongoing oversight of the management of ethics.

12.3 The board of directors should ensure that the company is and is seen to be a responsible corporate citizen

The company's core purpose and values, strategy and conduct are consistent with it being a responsible corporate citizen in all markets in which it conducts business, and the strategy and operations of the group are intended to build a sustainable business that is considerate of the short and long-term impact on the economy, society and the environment.

It is recognised that the group is an integral part of the communities in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. Castleview is therefore dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

The board of directors is responsible for ensuring the company's corporate citizenship on an ongoing basis and sets the direction for how the achievement of this corporate citizenship is to be approached and addressed, ensuring that the company's efforts in this regard are in compliance with all applicable laws, leading standards and its own codes of conduct and policies. The oversight and monitoring of the company's corporate citizenship is performed against measures and targets agreed with management in terms of the workplace, the economy, society and the environment.

12.4 The board of directors should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

Responsibility for the organisation performance of the company lies with the board of directors, who steer and set the direction of the group for the realisation of its core purpose and values through its strategy. The formulation and development of the group's short, medium and long-term strategy, including policies and operational plans to give effect to this strategy, has been delegated to management, for approval by the board of directors. Actual implementation and execution of approved policies and operational plans has also been delegated to management, with ongoing oversight against agreed performance measures and targets.

12.5 The board of directors should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance and its short, medium and long-term prospects

The board of directors approves management's determination of the group's reporting frameworks and reporting standards to be used, taking into account legal requirements and the intended audience and purpose of each report. In particular, the board oversees that annual financial statements, sustainability reports, social and ethics committee reports and other information or reports that are issued comply with legal requirements and meet the legitimate and reasonable information needs of material stakeholders.

The board accepts its accountability to shareholders for the group's performance and activities. Castleview communicates with shareholders principally through its website, annual report and announcements. The annual general meeting and any other general meetings give the directors the opportunity to inform shareholders about current, and proposed, operations and enables them to express their views on business activities.

The board of directors also ensures the integrity of external reports.

12.6 **The board of directors should serve as the focal point and custodian of corporate governance in the company**

The board of directors exercises its leadership role by:

- 12.6.1 steering the organisation and setting its strategic direction;
- 12.6.2 approving policy and planning that gives effect to the direction provided;
- 12.6.3 overseeing and monitoring implementation and execution by management; and
- 12.6.4 ensuring accountability for organisational performance by means of, amongst others, reporting and disclosure.

The roles, responsibilities, membership requirements and procedural conduct of the board of directors is documented in the board charter, which is regularly reviewed in order to guide its effective functioning.

The board aims to meet formally at least quarterly. There are no external advisors who will regularly attend, or be invited to attend, board committee meetings. Company policies and procedures will be adopted by all subsidiaries.

The board is confident that the group has established an effective framework and processes for compliance with laws, codes, rules and standards.

12.7 **The board of directors should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**

The board of directors comprises a majority of non-executive directors, the majority of which are independent. There are two executive directors, being the chief executive officer and the financial director, ensuring multiple points of direct interaction with management.

Richard Volks is the independent chairman of the company and leads the board of directors in the objective and effective discharge of its governance roles and responsibilities.

The board of directors will at all times maintain an appropriate balance of power, skills and experience (including business, commercial and industry experience), diversity and independence to objectively and effectively discharge its governance role and responsibilities. In determining the make-up of the board of directors, factors considered include the appropriate mix of executive, non-executive and independent non-executive directors, regulatory requirements, and diversity targets.

The board of directors promotes diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance. The group supports the principles of race and gender diversity at board level and has a race and gender diversity policy in place. In executing its mandate relating to director appointments, the board will annually review the composition of the board taking into account background, culture, race and gender of the board members, continuously evaluate the progress and the effect made in promoting diversity on the board and evaluate the criteria for nomination and appointment of directors on the board. No voluntary target has yet been set, however the board is analysing and discussing the implementation of an appropriate policy in this respect. The nomination committee will recommend to the board for approval any changes to the targets for achieving diversity on the board. The board will report annually, in its integrated report, on the progress made on the implementation of the diversity policy.

The board succession planning will promote diversity in accordance with the policies of the company and in compliance with the JSE Listings Requirements specifically relating to the promotion of gender and race diversity.

12.7.1 Nomination, election and appointment of directors

Directors are appointed by the board or at the company's annual general meeting ("AGM"), with board appointed directors re-appointed by shareholders at the company's next AGM. The longest serving third of the directors must be reappointed by the shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the remuneration and nomination committee.

12.7.2 Independence and conflicts

Each director is required to submit to the board a declaration of all financial, economic and other interests held by that director and related parties at least annually, or whenever there are significant changes.

Directors are required to declare whether any of them has any conflict of interest in respect of any matter on the agenda of any meeting of the board or board committee. Conflicts of interest are managed as set out under Principle 1 above.

12.8 The board of directors should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties

The board has delegated particular roles and responsibilities to the committees set out below, each of which has the collective knowledge, skills, experience and capacity to execute its duties effectively. Such delegation is subject to formal terms of reference that are approved and renewed annually by the board. The delegation by the board of directors of its responsibilities to any committee does not by or of itself constitute a discharge of the board's accountability, and the board will continue to apply its collective mind to the information, opinions, recommendations, reports and statements presented by any committee or director.

Executive directors and senior management will be invited to attend committee meetings on an ad hoc basis to provide pertinent information and insights in their areas of responsibility. Every director is entitled to attend any committee meeting as an observer.

12.9 The board of directors should ensure that the evaluation of its own performance and that of its committees, its chairman and its individual members, support continued improvement in its performance and effectiveness

The board is responsible for evaluating its own performance, that of its committees, chairman and individual members, and determines how such evaluation is to be approached and conducted in terms of a formal process undertaken at least every two years where performance is considered, reflected on and discussed so as to ensure that performance and effectiveness is always improving.

Richard Volks has been appointed to lead the evaluation of the chairman's performance.

12.10 The board of directors should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility

The board has appointed James Templeton as chief executive officer, to be responsible for leading the implementation and execution of the group's approved strategy, policy and operational planning, and to serve as a link between management and the board. The chief executive officer is accountable and reports to the board of directors.

The board has access to professional and independent guidance on corporate governance and its legal duties, as well as support to coordinate the functioning of the board and its committees. All directors have access to the advice of the company secretary, who provides professional corporate governance services and guidance to the board and to individual members regarding how to properly discharge their responsibilities. The board has considered and endorsed the company secretary's ability to perform his duties, including his qualifications, experience, competence, effectiveness, gravitas and objectivity, and will continue to do so on an annual basis. While the company secretary has unfettered access to the board, the directors have concluded that the relationship with the company secretary, who is not a member of the board of directors and who is not involved in the day to day management of the company, is at arm's length and that there is no conflict of interests. The board is also satisfied that the office of the company secretary is empowered and carries the necessary authority.

The company secretary reports to management on all duties performed and administrative matters.

The direction and parameters for the powers of the board of directors, and those delegated to management via the chief executive officer, including a delegation of authority framework that contributes to role clarity and the effective exercise of authority and responsibilities, are set out in a board charter. The board is responsible for ensuring that key management functions are headed by an individual with the necessary competence and authority and adequately resourced.

While there is currently no succession planning in place, succession planning for the chief executive officer position, executive management and other key positions is reviewed by the board of directors periodically, providing for succession in emergency situations and continuity of leadership over the longer term. The performance of the chief executive officer is formally evaluated against agreed performance measures and targets at least annually.

The chief executive officer does not have any other professional commitments or membership of governing bodies outside of the group.

12.11 The board of directors should govern risk in a way that supports the company in setting and achieving its strategic objectives

The company treats risk as integral to the way it makes decisions and executes its duties. The group's risk governance encompasses both the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on the achievement of its organisational objectives. While the board exercises ongoing oversight of risk management, the group's risk governance function is delegated to the audit and risk committee on the terms of reference set out above, with the responsibility for implementing and executing effective risk management delegated to management.

12.12 The board of directors should govern technology and information in a way that supports the company setting and achieving its strategic objectives

The board is responsible for the governance of and ongoing oversight of technology and information and the management thereof, and confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage. Management is in turn responsible for implementing and executing effective technology and information management.

12.13 The board of directors should govern compliance with applicable law and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen

Compliance with applicable laws and adopted non-binding rules, codes and standards is the responsibility of the board. Management is in turn responsible for implementing and executing effective compliance management. Where the group incurs material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, this will be disclosed to shareholders.

12.14 The board of directors should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objects and positive outcomes in the short, medium and long term

The board has adopted and oversees the implementation and execution of a policy that articulates and gives effect to fair, responsible and transparent remuneration across the group. Responsibility for the governance of remuneration has been delegated to the remuneration and nomination committee, on the terms of reference set out above. Remuneration policy is aligned with the group's strategic objective of creating long-term sustainable value for shareholders. Directors receive base pay only. Executive salaries are competitive and increases are determined by reference to individual performance, inflation and market-related factors.

The remuneration policy and implementation report will be table every year for separate non-binding advisory notes by shareholders at the AGM. The remuneration policy will record the measures that the board of directors commits to take in the event that either the remuneration policy or implementation report, or both, are voted against by shareholders exercising 25% or more of the votes exercised. In order to give effect to the minimum measures referred to in the King Code, in the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of voting rights exercised, Castlevue will in its voting results announcement pursuant to paragraph 3.91 of the Listings Requirements provide for the following:

- an invitation to dissenting shareholders to engage with Castlevue; and
- the manner and timing of such engagement.

12.15 The board of directors should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports

The board has delegated responsibility for overseeing that arrangements for assurance services and functions are effective in:

- (i) enabling an effective internal control environment;
- (ii) supporting the integrity of information used for internal decision-making by management, the board and its committee; and
- (iii) supporting the integrity of external reports.

to the audit and risk committee, on the terms of reference set out above. The board and its committees will assess the output of the company's combined assurance with objectivity and professional scepticism, and by applying an enquiring mind, form their own opinion on the integrity of information and reports and the degree to which an effective control environment has been achieved.

12.15.4 External audit

The external auditor is required to confirm to the audit and risk committee its independence from the group during each financial year. The committee considers the information pertaining to the external auditor's relationships with the group that might reasonably have a bearing on the external auditor's independence and the audit engagement partner and employees' objectivity, as well as related safeguards and procedures, in order to conclude whether the external auditor's independence is impaired. The committee is also responsible for approving the external auditor's terms of engagement and scope of work.

12.15.5 Internal audit

Due to the size of the company, the board does not consider it to be cost-effective to maintain a full-time internal audit function. The company's situation and needs in terms of internal audit function will be reassessed on a yearly basis. The board has mandated the audit and risk committee to initiate internal audit investigations as and when deemed necessary.

12.16 **In the execution of its governance role and responsibilities, the board of directors should adopt a stakeholder-inclusive approach that balances the needs, interests and expectation of material stakeholders in the best interests of the company over time**

The board exercises ongoing oversight of stakeholder relationship management, but responsibility for implementation and execution of effective stakeholder relationship management has been delegated by the board to management. The company's main stakeholders are considered to be shareholders, bond holders, employees, tenants, suppliers, banks and fiscal administrations of the locations where the group carries out its activities. Castlview has a transparent information communication policy, to enable stakeholders to assess the group's economic value and prospects.

The company encourages proactive engagement with shareholders, including at the company's annual general meetings, where all directors are available to respond to shareholders' queries on how the board has executed its governance duties.

The board is responsible for governance across the group and ensures that a group governance framework is implemented across the group.

12.17 **The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests**

Not applicable as the company is not an institutional investor.