CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

www.acsionsa.co.za

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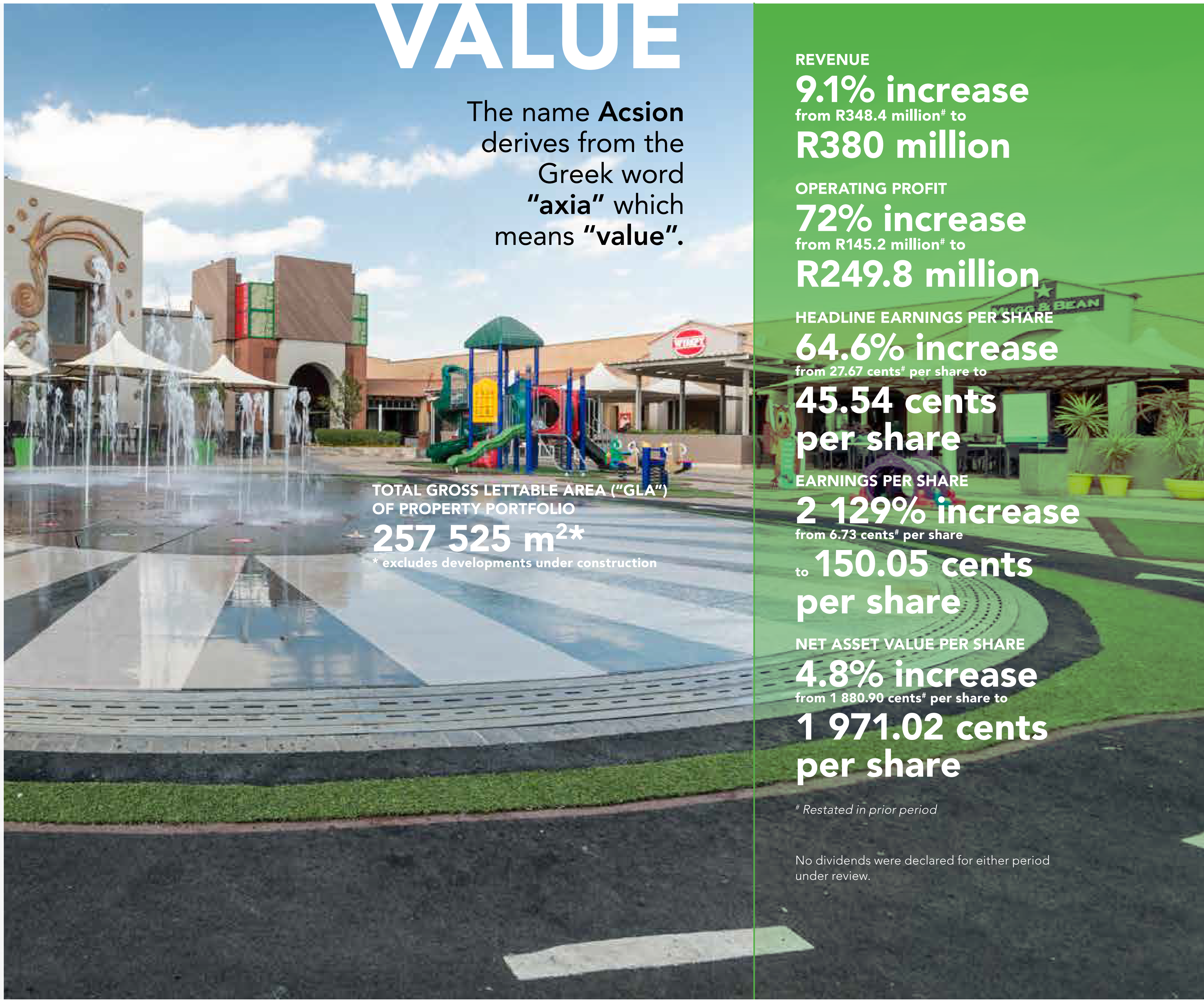
Acsion Limited

Incorporated in the Republic of South Africa
(Registration Number 2014/182931/06)
ISIN: ZAE000198289
Share code: ACS
("Acsion" or "the Company" or "the Group")



VALUE

The name **Acsion** derives from the Greek word **"axia"** which means **"value".**

TOTAL GROSS LETTABLE AREA ("GLA") OF PROPERTY PORTFOLIO

257 525 m²*

* excludes developments under construction

Highlights

REVENUE

9.1% increase
from R348.4 million# to
R380 million

OPERATING PROFIT

72% increase
from R145.2 million# to
R249.8 million

HEADLINE EARNINGS PER SHARE

64.6% increase
from 27.67 cents# per share to
45.54 cents per share

EARNINGS PER SHARE

2 129% increase
from 6.73 cents# per share
to **150.05 cents per share**

NET ASSET VALUE PER SHARE

4.8% increase
from 1 880.90 cents# per share to
1 971.02 cents per share

 # Restated in prior period

No dividends were declared for either period under review.

Commentary

About Acsion

Acsion is a property manager and real estate developer which is listed on the stock exchange operated by the JSE Limited. Acsion is differentiated from Real Estate Investment Trusts ("REITs") in the listed property sector as it focuses on the delivery of superior net asset value ("NAV") growth. NAV growth drivers include enhancing existing properties, completing the identified development pipeline and obtaining additional future development opportunities.

The Group's development function and "value-engineering" approach to development, significantly enhances returns to shareholders.

Value engineering focuses on optimising upfront feasibility studies, planning, designing and constructing in an innovative and more cost-effective way, resulting in lower construction costs, without compromising on quality.

Operational update

The Acsiopolis development in Benmore, Sandton is progressing well and the delays previously experienced have been addressed.

In the prior year the development was delayed due to remedial work arising from the prior contractor's construction defects, and the COVID-19 restrictions imposed on the construction industry.

The development is expected to be completed and open for business during the first half of the 2022 calendar year. The development will be opened using a phased approach for the hotel component of the business The building has been designed as a twenty storey mixed use development, situated in Sandton. Acsiopolis addresses the new micro-living trend, which is developing in the commercially dense Sandton node, allowing people to live and work in close proximity, whilst taking advantage of premium amenities, and making Acsiopolis a city within a city, where individuals will gain value from a stress-free lifestyle. The site measures approximately one hectare and is well positioned on Benmore Drive upon which 67 000 m^2 is being developed. The majority of this has been earmarked for short-term residential letting which supports Acsion's strategy of sectoral diversification. Of this approximately 35 000 m^2 will be available as executive suites, 26 000 m^2 is earmarked for short-term stay units, 5 000 m^2 will be utilised for retail purposes, 1 000 m^2 for medical suites and 2 200 m^2 of shared office space.

Acsiopolis will incorporate six levels of parking equating to approximately 1 400 parking bays which is expected to further enhance convenience for shoppers and residents alike. In addition to vehicular access, Acsiopolis has been designed to take into consideration the evolving public transport systems in Sandton to accommodate the integration of pedestrian accessibility to the retail and common area component of the building.

The 39 000 m^2 Metropolis Mall@Larnaca in Larnaca, Cyprus has been completed and commenced trading at an occupancy level of 85% during September 2021. It is the Group's first international retail development. The Group has signed a 33 year lease over land in Larnaka, with two options to renew of 33 years each. At 39 000 m^2 of GLA, it will be the dominant and only formal retail mall in Larnaca, catering for approximately 150 000 people. Acsion is forecasting double-digit yields on this project, the effect having already provided a considerable uplift to our net asset value based on lease agreements signed to date. This development also enhances geographical and currency diversification for the Acsion portfolio.

Vacancy levels and lease expiry profile

Strategic vacancies are maintained in order to accommodate potential tenant relocations and to support lease optimisation. This, together with the impact of trading restrictions imposed during the December and July lockdown periods, resulted in the vacancy (by GLA) for the portfolio to increase from 5.07% at August 2020 to 5.89% at 31 August 2021. We expect more vacancies resulting from a possible fourth wave of COVID-19 infections within the next few months. The Group remains focused on reducing the vacancy rate and retaining existing tenants in the retail portfolio and signed 92 new leases during the reporting period covering 7.2% of the total GLA.

Financial results

NAV per share increased from 1 880.90 cents per share to 1 971.02 (4.8%) largely as a result of the completion of the Mall@Larnaca in Cyprus causing a significant increase in the valuation of the investment property and the Group's recovery from the COVID-19 impact experienced in the prior year.

NAV per share excluding deferred taxation for the six months ended 31 August 2021 increased by 9.5% from 2 151.80c at 28 February 2021 to 2 356.09c at 31 August 2021.

While COVID-19 had a more significant impact on the performance in the prior period, the recovery of the headline earnings per share from 27.67c to 45.54c over the period under review, now in line with pre-COVID-19 levels, is attributable to the decrease in COVID-19 rental discounts as tenants continue to adapt to the pandemic impacted operational environment.

Property revenue increased from R347.5 million at 31 August 2020 to R384.2 million at 31 August 2021 driven by the increased contractual lease escalations of 6.90%. Net operating income improved by 72% compared to the prior six-month period due to the decrease in COVID-19 rent relief afforded to tenants.

Civil unrest

The riots experienced in Gauteng and KwaZulu-Natal during July 2021 had a significant impact on the property industry with retail, warehousing, logistics and distribution carrying the most damage.

The Group was fortunate as none of its properties were impacted.

Going concern and liquidity

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the condensed consolidated unaudited interim financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group except for any further material changes resulting from COVID-19. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

At 31 August 2021 the Group included the Standard Bank Euro denominated facility, with an outstanding balance of R345.2 million and maturing in May 2022, in its current liabilities resulting in the current liabilities exceeding the current assets.

Negotiations to refinance the facility will commence towards the end of the 2021/early 2022 calendar year.

The Company is in a sound financial position and can re-access previous expired bonded facilities over Proc Corp 160 Proprietary Limited's property by application to the Group's bankers and approval of the Group banker's credit committee.

The Group currently has secured loan facilities totalling R982 million. At 31 August 2021 the interest-bearing debt represented 10.19% of the total valuation value of the property assets.

The use of net current liabilities, a proportion of which is interest free, to fund developments is Group practice where possible and has been used consistently in all years where developments are funded while limiting gearing to reduce finance and other costs.

The directors are satisfied that the Group's aforementioned borrowing facilities and cash generation capacity are adequate to continue to meet its foreseeable cash requirements for operational activities and capital commitments.

Changes to the board of directors

The following changes occurred after the reporting date:
On 1 September 2021, Mrs Marianne Kok was appointed as independent non-executive director and as chairperson of the Audit and Risk Committee in the place of Mrs Modi Hlobo, who resigned from these positions.

Mr Chris Jansen van Rensburg was appointed as executive financial director and chief financial officer effective 1 November 2021 in the place of Miss Sandarie le Roux who resigned from these positions.

Change in sponsor

Effective 1 September 2021,Merchantec Capital has been appointed as sponsor to the Company in place of Nedbank Corporate and Investment Banking, who resigned from the appointment.

On behalf of the Board

Thabani Jali
Chairperson

Kiriakos Anastasiadis
Chief Executive Officer

Condensed consolidated statement of financial position

as at 31 August 2021

	Note(s)	Unaudited 31 August 2021 R'000	Unaudited 31 August 2020 Restated R'000	Audited 28 February 2021 R'000
ASSETS				
Non-current assets				
Investment property	2	**8 928 650**	8 035 965	8 242 773
Property, plant and equipment		**619 241**	730 478	645 639
Operating lease asset	3	**103 558**	132 470	118 924
Goodwill	4	**625 464**	625 464	625 464
Intangible development project asset		**165**	233 296	165
Other financial assets		**539**	5 432	539
Deferred tax		**2 691**	1 085	3 415
		10 280 308	9 764 190	9 636 919
Current assets				
Operating lease asset	3	**36 248**	23 279	25 097
Loans to related companies		**–**	86	–
Current tax receivable		**–**	1 031	1 124
Inventories		**39 592**	–	39 592
Trade and other receivables	5	**69 956**	9 939	60 814
Loans to shareholders		**–**	4 053	–
Cash and cash equivalents		**244 366**	110 869	65 623
		390 162	149 257	192 250
Total assets		**10 670 470**	9 913 447	9 829 169
EQUITY AND LIABILITIES				
Equity				
Stated capital	6	**3 935 169**	3 967 615	3 967 218
Reserves		**(7 042)**	90 284	18 461
Retained income		**3 665 228**	3 340 782	3 074 942
Equity attributable to equity holders of the parent		**7 593 355**	7 398 681	7 060 621
Non-controlling interest		**129 279**	62 243	105 099
		7 722 634	7 460 924	7 165 720
LIABILITIES				
Non-current liabilities				
Deferred taxation		**1 491 559**	1 435 321	1 405 000
Other financial liabilities	7	**634 014**	78 346	28 969
Right-of-use lease liability		**219 377**	259 658	232 667
		2 344 950	1 773 325	1 666 636
Current liabilities				
Shareholder loans		**4 142**	3 280	4 142
Other financial liabilities	7	**349 743**	553 780	689 147
Right-of-use lease liability		**3 941**	4 380	4 077
Provisions		**6 819**	6 529	6 564
Trade and other payables		**222 138**	101 860	264 670
Current tax payable		**16 097**	9 363	28 207
Dividends payable		**6**	6	6
		602 886	679 198	996 813
Total liabilities		**2 947 836**	2 452 523	2 663 449
Total equity and liabilities		**10 670 470**	9 913 447	9 829 169

Condensed consolidated statement of profit and loss and other comprehensive income

for the six months ended 31 August 2021

	Note(s)	Unaudited 31 August 2021 R'000	Unaudited 31 August 2020 Restated R'000	Audited 28 February 2021 R'000
Revenue, excluding straight-line lease adjustment	8	**384 170**	347 522	709 039
Straight-line lease adjustment		**(4 213)**	879	(11 730)
Revenue from tenants and customers		**379 957**	348 401	697 309
Other income		**13 758**	–	1 877
Expected credit loss allowance	8	**(7 041)**	(88 210)	(71 952)
Operating expenses	9	**(136 878)**	(114 982)	(327 655)
Operating profit		**249 796**	145 209	299 579
Investment income		**2 300**	5 010	7 586
Finance costs		**(19 715)**	(22 736)	(38 405)
Foreign exchange (losses)/gains		**(16 826)**	7 925	14 641
Fair value changes	2	**540 463**	(86 688)	(181 259)
Profit for the period		**756 018**	48 720	102 142
Taxation		**(141 552)**	(21 043)	(34 457)
Profit for the period		**614 466**	27 677	67 685
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Losses attributable to owner occupied hotel property revaluations		**–**	–	(28 508)
Taxation attributable to revaluation changes		**–**	–	25 240
Total items that will not be reclassified to profit or loss		**–**	–	(3 268)
Items that may be reclassified to profit or loss:				
Foreign exchange (losses)/gains from translation differences attributable to foreign operations		**(25 503)**	51 491	1 790
Other comprehensive income for the period net of taxation		**(25 503)**	51 491	(1 478)
Total comprehensive income for the period		**588 963**	79 168	66 207
Profit attributable to:				
Owners of the parent		**590 286**	26 478	23 631
Non-controlling interest		**24 180**	1 189	44 054
		614 466	27 667	67 685
Total comprehensive income attributable to:				
Owners of the parent		**564 783**	77 979	22 153
Non-controlling interest		**24 180**	1 189	44 054
		588 963	79 168	66 207

Condensed consolidated statement of changes in equity

for the six months ended 31 August 2021

Condensed consolidated statement of changes in equity

for the six months ended 31 August 2021

	Share capital R'000	Treasury shares R'000	Total share capital R'000	Foreign currency translation reserve R'000	Revaluation reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance 1 March 2020	3 979 956	(12 341)	3 967 615	16 671	3 268	19 939	3 051 311	7 038 865	61 045	7 099 910
Total comprehensive income for the period	–	–	–	–	–	–	26 469	26 469	1 198	27 667
Foreign currency translation	–	–	–	51 491	–	51 491	–	51 491	–	51 491
Balance 31 August 2020 restated	3 979 956	(12 341)	3 967 615	68 162	3 268	71 430	3 077 780	7 116 825	62 243	7 179 068
Total comprehensive income for the period	–	–	–	–	(3 268)	(3 268)	(2 838)	(6 106)	42 856	36 750
Treasury share movements	–	(397)	(397)	–	–	–	–	(397	–	(397)
Foreign currency translation	–	–	–	(49 701)	–	(49 701)	–	(49 701)	–	(49 701)
Balance as at 28 February 2021	3 979 956	(12 738)	3 967 218	18 461	–	18 461	3 074 942	7 060 621	105 099	7 165 720
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**590 286**	**590 286**	**24 180**	**614 466**
Treasury share movements	**–**	**(32 049)**	**(32 049)**	**–**	**–**	**–**	**–**	**(32 049)**	**–**	**(32 049)**
Foreign currency translation	**–**	**–**	**–**	**(25 503)**	**–**	**(25 503)**	**–**	**(25 503)**	**–**	**(25 503)**
Balance as at 31 August 2021	**3 979 956**	**(44 787)**	**3 935 169**	**(7 042)**	**–**	**(7 042)**	**3 665 228**	**7 593 355**	**129 279**	**7 722 634**

Condensed consolidated statement of cash flows

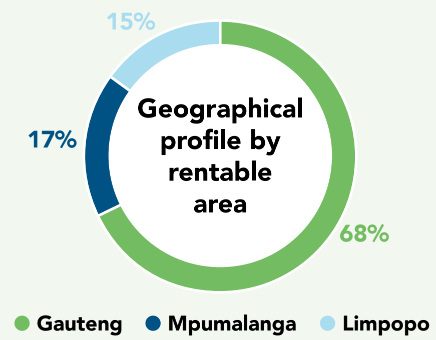
for the six months ended 31 August 2021

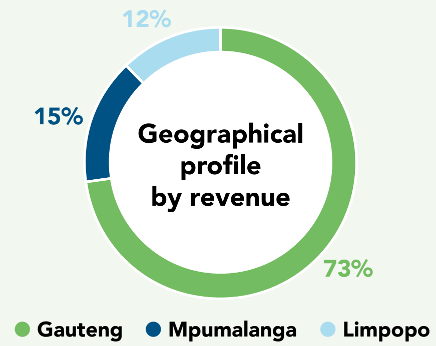
	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Cash flows from operations			
Cash generated by operations	**190 763**	183 560	504 703
Investment income received	**2 300**	5 010	14 753
Finance cost paid	**(19 715)**	(22 736)	(40 912)
Tax paid	**(61 249)**	(19 331)	(71 776)
Net cash generated from operating activities	**112 099**	146 503	406 768
Cash flows from investing activities			
Purchase of property, plant and equipment	**–**	(635)	(52 367)
Investment property development costs	**(227 878)**	(263 425)	(596 004)
Loans advanced to Group associate companies	**–**	(86)	–
Investment property sales	**–**	1 470	6 947
Net cash used in investing activities	**(227 878)**	(262 676)	(641 424)
Cash flows from financing activities			
Treasury shares purchased	**(32 050)**	–	(397)
Financial liabilities raised	**941 873**	–	103 738
Financial liabilities repaid	**(676 232)**	(534)	(18 281)
Finance lease payments – Right of use liability	**(256)**	(454)	(6 824)
Net cash from/(used in) financing activities	**233 335**	(988)	78 236
Cash movement for the period	**117 556**	(117 161)	(156 420)
Cash beginning of the period	**65 623**	223 080	223 080
Effect of exchange rate movement on cash balances	**61 187**	4 950	(1 037)
Total cash at end of the period	**244 366**	110 869	65 623

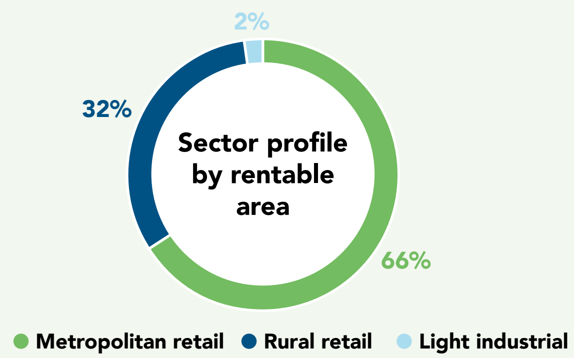
Property portfolio indicators

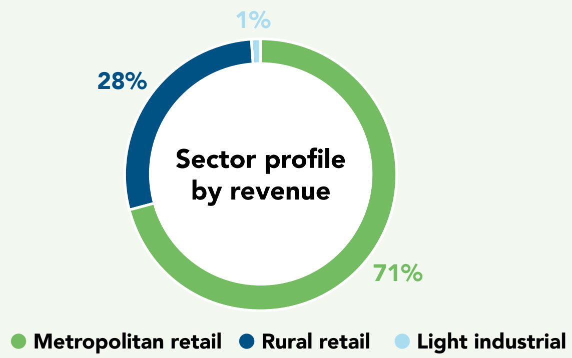
for the period ended 31 August 2021

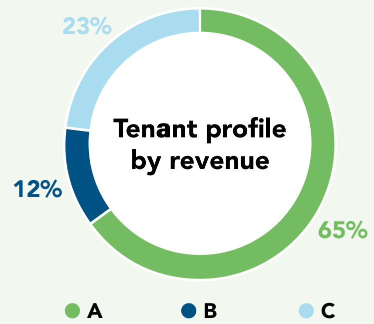
The existing income generating investment properties consist of eight well established, strategically located retail properties and one industrial property in Gauteng, Mpumalanga and Limpopo with an aggregate GLA of 257 525 m^2. (2021H1: 257 566 m^2). Geographical, sector and tenant profile splits and average rental per sqm are discussed below.

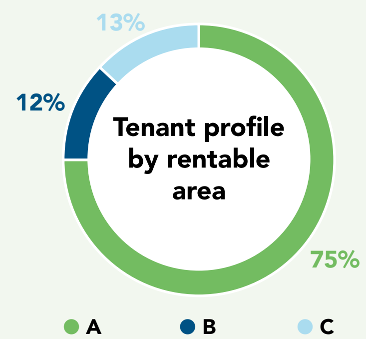












Tenant profile based on tenant grading:

Indicator of grading:

A	Large national tenants and major franchisees with turnover greater than R1 billion
B	Other national tenants and franchisees with turnover less than R1 billion
C	Line tenants including kiosks

Property portfolio indicators continued

for the period ended 31 August 2021

Lease expiry profile, based on existing leases, by revenue per sector

	August 2022 %	August 2023 %	August 2024 %	August 2025 %	After August 2025 %
Metropolitan retail	33	26	14	9	19
Rural retail	37	17	33	2	11
Light industrial	26	32	42	–	–

Lease expiry profile, based on existing leases, by rentable area per sector

	August 2022 %	August 2023 %	August 2024 %	August 2025 %	After August 2025 %
Metropolitan retail	25	25	13	12	25
Rural retail	34	7	37	2	20
Light industrial	24	32	44	–	–

VACANCY PROFILE BY SECTOR, BY GLA

RETAIL

5.58%

(AUGUST 2020: 4.91%)

INDUSTRIAL

17.16%

(AUGUST 2020: 11.0%)

WEIGHTED AVERAGE RENTAL ESCALATION PROFILE (BASED ON EXISTING LEASES), BY GLA BY SECTOR

RETAIL – METROPOLITAN

7.0%

RETAIL – RURAL

6.0%

LIGHT INDUSTRIAL

7.0%

Average net rental per sqm (including anchor tenants)

Property	Average rental per sqm 31 August 2021	Average rental per sqm 31 August 2020
Mall@Carnival	**174.46**	173.43
Mall@Emba	**171.55**	162.61
Mall@Lebo	**159.18**	158.63
Mall@Mfula	**142.85**	131.93
Mall@Moutsiya	**125.13**	117.48
Mall@Reds	**156.18**	161.50
Mall@55	**128.60**	133.68
Moreleta Square	**132.35**	123.95
Simarlo Rainbow	**60.11**	64.33

Notes to the financial statements

1. Basis of preparation and accounting policies

The condensed consolidated unaudited interim financial statements for the period ended 31 August 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS), IAS34 Interim Financial Reporting and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the by the Financial Reporting Standards Council and the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Listing Requirements.

The accounting policies and methods of computation are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2021. These condensed consolidated unaudited interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance from the year ended 28 February 2021.

The condensed consolidated unaudited interim financial statements were approved by the board of directors of Acsion ("Board") on 22 November 2021.

Take note the accounting for COVID-19 rentals not recovered in the interim results for the six months ended 31 August 2020 in terms of IAS 34 was restated. These unrecovered rentals have been reflected as revenue and then impaired as bad debts, whereas the original interim results reflected the unrecovered rentals as a deduction from revenues. The change was made in accordance with guidance from the JSE monitoring panel.

These condensed consolidated unaudited interim financial statements were prepared by Miss S le Roux under the supervision of Mr CR Jansen van Rensburg in his capacity as Chief Financial Officer.

The condensed consolidated unaudited interim financial statements have not been reviewed or audited by RSM, the Group's external auditors.

2. Investment property

Properties are valued externally on a rotational basis at year end. At least one third of the properties are valued externally and the balance of the properties are valued by the directors. A property will thus be externally valued at least once every three years. All investment properties for the Group are considered to be Level 3 on the fair value hierarchy as per IFRS 13 investment properties. There were no transfers between Levels 1, 2 and 3 during the six months ended 31 August 2021.

Due to the unknown future impact of COVID-19 on the real estate market and the resulting higher degree of uncertainty, property valuations remain under frequent review. For this reason the Board has considered it prudent to perform directors' valuations using the discounted cash flow and the income capitalisation valuation techniques at interim date. A residual valuation method was used to value Acsiopolis, the mixed use development under construction, being the highest and best use for this property.

The developed investment properties as at 31 August 2021 consisted of the following nine properties:

	Directors' valuation August 2021 R'million	GLA m^2	Value/m^2 (excluding bulk where applicable) R	Valuation August 2020 R'million	Valuation February 2021 R'million
Mall@Reds	**1 384**	**54 741**	**25 290**	**1 411**	**1 357**
Mall@Emba	**655**	**24 605**	**26 610**	**580**	**620**
Mall@Moutsiya	**281**	**14 703**	**19 143**	**228**	**234**
Mall@Carnival	**2 576**	**90 578**	**28 147**	**2 595**	**2 445**
Mall@Lebo	**541**	**23 534**	**22 973**	**566**	**516**
Mall@Mfula	**368**	**17 939**	**20 531**	**353**	**336**
Mall@55 and Trade@55	**338**	**15 969**	**21 911**	**358**	**316**
Moreleta Square	**174**	**8 566**	**20 367**	**130**	**162**
Simarlo Rainbow	**43**	**6 890**	**6 180**	**49**	**42**
	6 360	**257 525**	**191 152**	**6 270**	**6 028**

Developments under construction as at 31 August 2021 consisted of the following properties:

	Directors valuation August 2021 R'million	GLA m²	Value/m² (excluding bulk where applicable) R	Valuation August 2020 R	Valuation February 2021 R	Anticipated opening/ opening date
Acsiopolis	705	44 890	18 806	919	768	January 2022
Larnaca	2 026	39 000	51 955	1062	1446	September 2021
	2 731	83 890	70 761	1 981	2 214	

Unobservable inputs used in determining the fair value of investment property were based on the following:

	August 2021	August 2020	February 2021
Exit capitalisation rate	8.00% – 10.50%	7.50% – 10.30%	7.50% – 10.30%
Discount rate (retail)	12.25% – 14.75%	12.50% – 15.00%	12.50% – 15.00%
Revenue escalation rate (apartments)	4.50% – 6.00%	4.00% – 7.00%	4.00% – 7.11%
Expense escalation rate	6.50% – 7.00%	7%	5.00% – 7.60%
Weighted average capitalisation rate	8.54%	8.00%	8.27%
Weighted average discount rate	13.00%	13.10%	13.41

Unobservable inputs used in determining the fair value of investment property under construction were based on the following:

	August 2021	August 2020	February 2021
Exit capitalisation rate	6.50%	8% – 9%	7.50% – 10.30%
Discount rate (retail)	10.00% – 14.00%		12.00% – 14.00%
Discount rate (apartments)			10%
Revenue escalation rate	3% – 5%	3%	3%
Selling price per sqm	R35 000	R35 000	

3. Operating lease asset

Average lease period for new leases entered into during the current reporting period was 2.39 years. Overall the average lease period of current active leases is 3.91 years. The contractual escalation in the gross rental/m² was 6.90% for the six months ended 31 August 2021.

4. Goodwill

Goodwill originated during the formation of the Acsion Limited Group and represents a premium paid in relation to Anaprop Property Management and comprises the amount of value the various shareholders in the restructure transaction were willing to pay in order to internalise the property management and asset management functions within the Group and thus to secure their participation in the property and asset management profits as well as development profits arising from the current development pipeline as well as future development opportunities.

Management is not aware of any indications that the goodwill may be impaired and will test for impairment at the end of the financial year or when indications of possible impairment arise.

5. Trade and other receivables/payables

Trade and other receivables include R20.1 million of monthly rental and deposits billed to Mall@Larnaca, Cyprus, tenants which commenced trading mid-September 2021.

The remainder of the trade and other receivables relates to monthly rental and utility recoveries from South African tenants, VAT receivable and prepaid expenses. The outstanding monthly rental from South African tenants was collected in the subsequent months.

Trade and other paybles include R113 million from the Mall@Larnaca, Cyprus which consist of tenant deposits, income received in advance, VAT payable, ordinary trade payables and retention amounts due to the contractors.

6. Stated capital

The Group repurchased 8 012 435 shares at an average price of R4 per share during the six months ended 31 August 2021 and currently holds 9 710 455 treasury shares. The decision to repurchase shares was made as the share price was trading significantly below the reported NAV of the Group. These shares were purchased at approximately 79.06% below the reported NAV per share (including deferred tax) as at 31 August 2021.

7. Other financial liabilities

The majority of non-current and current liabilities relate to debt facilities currently in place.

Cost of debt

During May 2021, the Group replaced the expiring debt facility of R700 million secured over Proc Corp 160 (Pty) Ltd with a new facility of approximately R963 million secured over the property owned by Golden Falls 125 (Pty) Ltd.

The facility consists of separate Rand-based revolving credit- and term loan facilities to the value of R300 million each and a Euro-based term facility to the value of €20 million.

VARIABLE INTEREST RATE BORROWINGS	Final repayment date	Value R'000	Prime-linked %	Three-month JIBAR-linked %	Three-month Euribor-linked %
Rand-based term loan facility	1 July 2024	40 480	5.63		
Rand-based revolving credit facility	27 May 2024	296 621		5.69	
Rand-based loan facility	27 May 2024	300 000		5.82	
€20 million Euro-based loan facility	27 May 2022	345 218			1.70

SECURITY DESCRIPTION	Security value R'000	Property value 31 August 2021 R'000
Golden Falls 125 (Pty) Ltd: Mall@Carnival	1 300 000	2 489 873
Nungu Trading 517 (Pty) Ltd : Mall@Lebo	150 000	524 743
Acsion Ltd	29 000	

Debt covenant requirements at 31 August 2021

Covenants are for bank borrowing secured over Golden Falls 125 (Pty) Ltd. There are no specific covenants relating to the facility Nungu Trading 517 (Pty) Ltd has with Nedbank Ltd.

COVENANT DESCRIPTION (TRIGGER)	Covenant	Achieved
Acsion Limited Group		
Maximum corporate loan to value	45%	10%
Minimum corporate interest cover ratio	2.0	21.4
Golden Falls 125 (Pty) Ltd		
Maximum loan to property value	60%	37%
Minimum corporate interest cover ratio	1.6	11.5

The Group remains well within the requirements and does not foresee any breaching of the covenant triggers. A €20 million facility from Standard Bank with an outstanding balance of R345.2 million as at 31 August is included in current liabilities and will mature in May 2022.

Formal negotiations to refinance the facility will commence at the start of the 2022 calendar year.

Notes to the financial statements continued

8. Property revenue and the impact of COVID-19

Revenue, excluding straight line lease adjustment includes rental income on investment property, utility costs recovery from tenants and collection commission. Interim property revenue increased by 10.56% compared to August 2020. Tenants continued to be impacted by the COVID-19 pandemic (although less severe than during the comparative period in 2020) as a result of the imposed restrictions to trade. Management continues to monitor and react to the impact and remains in contact with tenants and other stakeholders to mitigate the risks that the pandemic continues to pose to the industry.

Approximately R4.5 million (August 2020: R83 million) of rental relief related to COVID-19 lockdowns was granted during the period under review. Of the R4.5 million of rental discounts provided, R1.4 million related to relief provided to large national retailers with the balance provided mostly to retail line shops, restaurants, fast food and entertainment tenants, being tenant categories severely affected by the trading restrictions.

Rental discounts provided comprise of the following broad categories:	R'000
Restaurants & fast foods	**837**
Entertainment	**166**
Other (including mostly home and fashion stores)	**3 505**

COVID-19 relief granted	R'000
Mall@55 and Trade@55 (Nabuvax Proprietary Limited)	**307**
Mall@Carnival (Golden Falls 125 Proprietary Limited)	**2 361**
Mall@Emba (Double Ring Trading 62 Proprietary Limited)	**264**
Mall@Lebo (Nungu Trading 517 Proprietary Limited)	**101**
Mall@Mfula (Zarafusion Proprietary Limited)	**190**
Mall@Moutsiya (Daybreak Properties 3 Proprietary Limited)	**67**
Mall@Reds (Proc Corp 160 Proprietary Limited)	**1 173**
Moreleta Square (Rubensmen Proprietary Limited)	**22**
Simarlo Rainbow (DAJM Property Investment Proprietary Limited)	**23**

Collection of rental income continues to improve and has almost returned to normal levels.

9. Operating expenses

Operating expenses increased by 19% from the prior comparative period driven by the increased cost of utilities and soft services as the properties increased operational requirements to almost pre-lockdown levels.

The cost to income ratio improved from 58% to 34% due to less severe rental discounts granted to tenants than in the comparative period.

10. Solvency, liquidity and gearing information

	31 August 2021	31 August 2020	28 February 2021
Solvency (R'000)			
Net asset value	**7 722 634**	7 460 924	7 165 720
Group liquidity information over next 12 months (R'000)			
Net current liabilities at period-end	**(212 724)**	(529 941)	(804 563)
Rand-based facility repayable after 36 months (JIBAR + 2.02%)	**–**	–	300 000
Rand-based facility repayable after 36 months (JIBAR + 2.15%)	**–**	–	300 000
€20 million repayable by June 2022	**–**	–	363 820
Property development cost commitments	**(385 450)**	(643 063)	(525 000)
	(598 174)	(1 173 004)	(365 743)
Liquidity ratio for the Group			
Current ratio to 1	**0.65**	0.22	0.19
Acid test ratio to 1	**0.58**	0.22	0.15
Loan to property value gearing ratio (%)	**10.19**	5.73	9.85

Included in the net current liabilities is the Euro denominated facility with an outstanding balance of R345.2 million, which matures on 27 May 2022. Negotiations to refinance the facility will commence towards during the fourth quarter of the 2021 calendar year.

The banking facility falling due on June 2022 will be renegotiated in the foreseeable future. Any shortfall on funding from banking institutions will be supplemented by operational cash generation and if required by obtaining additional mortgage borrowings against investment properties based on the current low loan to value gearing ratio of the Group of 10.19%.

The development in Cyprus has started operating during September 2021 and will also start contributing to operational cash generated within the Group.

Given the low loan to value gearing ratio, the Group's sound profit to cash generation and ability to raise further funding if required, the Group is confident that is will continue trading as a going concern for the forthcoming year.

11. Earnings, headline earnings and net asset value

	31 August 2021 R'000	31 August 2020 R'000	28 February 2021 R'000
Earnings per share ("EPS")/diluted earnings per share/headline earnings			
Average shares	**393 399**	393 369	393 343
Basic earnings (excluding minority)	**590 286**	26 478	23 631
Basic and diluted earnings per share	**150.05**	6.73	6.01
Reconciliation to basic earnings			
Profit for the period	**614 466**	27 676	67 685
Non-controlling profit for basic earnings per share	**(24 180)**	(1 198)	(44 054)
	590 286	26 478	23 631
Basic earnings	**590 286**	26 478	23 631
Adjusted for:			
Fair value property changes	**(540 463)**	86 688	181 260
Taxation attributable to fair value changes	**106 211**	(19 418)	(53 016)
Impairment loss - owner-occupied hotel	**–**	–	93 576
Taxation attributable to impairment loss on owner-occupied hotel	**–**	–	(8 944)
Loss on sale of investment property	**–**	(50)	1 430
Taxation on asset disposal losses	**–**	14	(320)
Non-controlling interest relating to fair value changes	**23 111**	15 132	42 913
Headline profit for the purpose of basic and diluted headline earnings per share	**179 145**	108 844	280 530
Headline earnings per share (cents)	**45.54**	27.67	71.32

Diluted headline earnings per share is equal to headline earnings per share because there are no potential dilutive ordinary shares in issue.

Net asset value	31 August 2021	31 August 2020	28 February 2021
NAV per share	**1 971.02**	1 880.90	1 795.40
NAV per share (excluding deferred taxation) (cents)	**2 356.09**	2 245.52	2 151.80

12. Events after the reporting period

Metropolis Mall@Larnaca, Cyprus, was opened and commenced trading on 16 September 2021. Current occupancy is at 85%.

Shareholders are referred to the SENS announcements published on 29 September 2021 and the renewal of the cautionary on 10 November 2021. At the Board meeting held on 19 November 2021, the Board considered the conversion of the Company to a REIT and resolved not to proceed with the conversion.

The Board considered the impact of the decision of the South African Reserve Bank to increase the repo rate by 25 basis points to 3.75% on 18 November 2021 and advise shareholders that if the same increase is applied to the discount rate, the value of the investment property portfolio will decrease by 0.6%.

13. Related parties

There were no significant related party transactions during the interim reporting period with the exception of construction costs amounting to approximately R190 million (six months ended August 2020: R128 million) relating mainly to remedial and construction work on Acsiopolis by a company held indirectly by a director. Normal guarantees furnished by construction companies and clients were waived.

14. Segmental reporting

Due to the current investment property portfolio exposure heavily weighted towards retail and the Gauteng province, the chief operating decision maker considers the operations to be a single operating segment and as such reviews financial information on that basis. Segment reporting as required in terms of IFRS 8: Operating Segments are therefore not applicable to the Group at this stage.

15. Interim dividend

The Board decided not to propose a dividend considering the capital funding requirements for the development pipeline in the foreseeable future and rather return capital growth to shareholders by improving the net asset value per share.

No interim dividend was declared in the prior year either.

Corporate information

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Country of incorporation and domicile
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Nature of business and principal activities
Property holding and development

Directors
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D Sekete
C Jansen van Rensburg
M Kok
T Jali

Bastion