



ACSION LIMITED

CONDENSED CONSOLIDATED AND SEPARATE REVIEWED

# Financial Results

for the year ended 28 February 2023



# Contents

Highlights	1
Condensed statement of financial position	2
Condensed statement of profit or loss and other comprehensive income	3
Condensed statement of changes in equity	4
Condensed statement of cash flows	6
Notes to the financial statements	7
Independent auditor's review report	25
Commentary	26
Corporate information	32



# Highlights

## REVENUE FROM PROPERTY OPERATIONS

22% increase from R910 million to  $\uparrow$  R1.1 billion

## HEADLINE EARNINGS PER SHARE

14% increase from 105.49 cents per share to  $\uparrow$  120.31 cents per share

## NET ASSET VALUE PER SHARE

12% increase from 2 131 cents per share to  $\uparrow$  2 390 cents per share

## DIVIDEND DECLARED

18 cents per share

## SOUTH AFRICAN RETAIL

260 033 m<sup>2</sup>

## LOAN-TO-VALUE INTEREST COVER RATIO OF

13% and interest cover ratio 10 times

## SOUTH AFRICAN LIGHT INDUSTRIAL

6 007 m<sup>2</sup>

## TOTAL GROSS LETTABLE AREA

376 238 m<sup>2</sup>

## INTERNATIONAL RETAIL

39 160 m<sup>2</sup>

## SOUTH AFRICAN MIXED USE

71 038 m<sup>2</sup>

# Condensed statement of financial position

as at 28 February 2023

	Notes	Group		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment property	2	11 083 750	9 951 519	–	–
Operating lease asset		167 984	135 695	–	–
Property, plant and equipment	3	932 060	736 755	–	–
Goodwill	4	625 464	625 464	–	–
Intangible assets		165	165	–	–
Investment in subsidiaries		–	–	3 247 999	3 449 399
Other financial assets		527	699	–	–
Deferred tax assets		37 465	73 996	17 107	18 863
		12 847 415	11 524 293	3 265 106	3 468 262
<b>Current assets</b>					
Inventories		46 072	39 592	–	–
Current tax asset		21 039	6 062	–	–
Loans to group companies		–	–	126 524	325 851
Trade and other receivables		30 133	46 606	1	–
Other financial assets		190 504	–	–	–
Cash and cash equivalents		231 976	286 388	23 422	22 138
		519 724	378 648	149 947	347 989
<b>Total assets</b>		<b>13 367 139</b>	<b>11 902 941</b>	<b>3 415 053</b>	<b>3 816 251</b>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the company</b>					
Stated capital	5	3 934 103	3 934 224	3 979 956	3 979 956
Reserves		274 367	27 127	–	–
Retained earnings/(accumulated deficit)		4 995 583	4 245 301	(609 488)	(400 378)
Company shareholders' equity		9 204 053	8 206 652	3 370 468	3 579 578
Non-controlling interests		184 575	153 746	–	–
<b>Total equity</b>		<b>9 388 628</b>	<b>8 360 398</b>	<b>3 370 468</b>	<b>3 579 578</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities		1 785 237	1 648 813	–	–
Lease liabilities	6	700 409	497 707	–	–
Borrowings	7	1 136 893	708 258	–	–
Trade and other payables		13 166	–	–	–
		3 635 705	2 854 778	–	–
<b>Current liabilities</b>					
Lease liabilities	6	5 342	4 263	–	–
Borrowings	7	5 404	371 459	–	–
Loans from shareholders		4 426	3 966	–	–
Loans from group companies		–	–	42 842	234 680
Provisions		10 145	7 532	–	–
Current tax liability		9 780	15 956	–	–
Trade and other payables		307 709	284 583	1 743	1 987
Dividends payable		–	6	–	6
		342 806	687 765	44 585	236 673
<b>Total liabilities</b>		<b>3 978 511</b>	<b>3 542 543</b>	<b>44 585</b>	<b>236 673</b>
<b>Total equity and liabilities</b>		<b>13 367 139</b>	<b>11 902 941</b>	<b>3 415 053</b>	<b>3 816 251</b>

# Condensed statement of profit or loss and other comprehensive income

for the year ended 28 February 2023

	Notes	Group		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Operating revenues</b>					
Contractual rental revenue and recoveries		1 081 798	918 274	–	–
Straight-lining of rental revenue adjustment		24 131	(8 331)	–	–
Revenue from direct property operations		1 105 929	909 943	–	–
Revenue from hospitality operations		79 227	–	–	–
Dividend income		–	–	142 186	200 000
Management fee income		248	399	9 260	8 547
<b>Revenue</b>	10	<b>1 185 404</b>	<b>910 342</b>	<b>151 446</b>	<b>208 547</b>
Other income		12 435	2 363	–	–
Fair value adjustments		491 622	1 016 287	–	–
Impairment losses on trade receivables		(23 939)	(41 535)	–	–
Operating expenses		(478 992)	(301 183)	(217 999)	(167 915)
<b>Operating profit/(loss)</b>	11	<b>1 186 530</b>	<b>1 586 274</b>	<b>(66 553)</b>	<b>40 632</b>
Finance costs		(95 307)	(62 910)	–	–
Foreign exchange gains/(losses)		9 770	(14 838)	–	–
Investment Income		4 940	4 983	1 385	899
<b>Profit/(loss) before tax</b>		<b>1 105 933</b>	<b>1 513 509</b>	<b>(65 168)</b>	<b>41 531</b>
Tax		(199 144)	(294 502)	(1 756)	(11)
<b>Profit/(loss) for the year</b>		<b>906 789</b>	<b>1 219 007</b>	<b>(66 924)</b>	<b>41 520</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit or loss</b>					
Foreign exchange translation gains on foreign operations		260 168	8 666	–	–
<b>Total comprehensive income/(loss) for the year</b>		<b>1 166 957</b>	<b>1 227 673</b>	<b>(66 924)</b>	<b>41 520</b>
<b>Profit/(loss) attribution:</b>					
Shareholders of the company		888 888	1 170 359	(66 924)	41 520
Non-controlling interests		17 901	48 648	–	–
<b>Comprehensive profit/(loss) attribution:</b>					
Shareholders of the company		1 136 128	1 179 025	(66 924)	41 520
Non-controlling interests		30 829	48 648	–	–
<b>Earnings per share</b>					
Basic earnings per share (cents)	8	230.87	301.84	–	–
Diluted earnings per share (cents)	8	230.87	301.84	–	–

# Condensed statement of changes in equity

for the year ended 28 February 2023

	Stated capital R'000	Treasury shares R'000	Total share capital R'000	Retained earnings R'000	Revaluation reserve R'000	Foreign currency translation reserve* R'000	Total equity attributable to ordinary shareholders R'000	Non-controlling interests R'000	Total equity R'000
<b>Group</b>									
<b>Balance at 28 February 2021</b>	3 979 956	(12 738)	3 967 218	3 074 942	–	18 461	7 060 621	105 098	7 165 719
<i>Total comprehensive income for the year</i>	–	–	–	1 170 359	–	8 666	1 179 025	48 648	1 227 673
Profit for the year	–	–	–	1 170 359	–	–	1 170 359	48 648	1 219 007
Other comprehensive income	–	–	–	–	–	8 666	8 666	–	8 666
Treasury shares acquired	–	(32 994)	(32 994)	–	–	–	(32 994)	–	(32 994)
<b>Balance at 28 February 2022</b>	<b>3 979 956</b>	<b>(45 732)</b>	<b>3 934 224</b>	<b>4 245 301</b>	<b>–</b>	<b>27 127</b>	<b>8 206 652</b>	<b>153 746</b>	<b>8 360 398</b>
<i>Total comprehensive income for the year</i>	–	–	–	888 888	–	247 240	1 136 128	30 829	1 166 957
Profit for the year	–	–	–	888 888	–	–	888 888	17 901	906 789
Other comprehensive income	–	–	–	–	–	247 240	247 240	12 928	260 168
Dividends declared	–	–	–	(138 606)	–	–	(138 606)	–	(138 606)
Treasury shares acquired	–	(121)	(121)	–	–	–	(121)	–	(121)
<b>Balance at 28 February 2023</b>	<b>3 979 956</b>	<b>(45 853)</b>	<b>3 934 103</b>	<b>4 995 583</b>	<b>–</b>	<b>274 367</b>	<b>9 204 053</b>	<b>184 575</b>	<b>9 388 628</b>
<b>Company</b>									
<b>Balance at 28 February 2021</b>	3 979 956	–	3 979 956	(441 898)	–	–	3 538 058	–	3 538 058
<i>Total comprehensive income for the year</i>	–	–	–	41 520	–	–	41 520	–	41 520
Profit for the year	–	–	–	41 520	–	–	41 520	–	41 520
Other comprehensive income	–	–	–	–	–	–	–	–	–
<b>Balance at 28 February 2022</b>	<b>3 979 956</b>	<b>–</b>	<b>3 979 956</b>	<b>(400 378)</b>	<b>–</b>	<b>–</b>	<b>3 579 578</b>	<b>–</b>	<b>3 579 578</b>
<i>Total comprehensive loss for the year</i>	–	–	–	(66 924)	–	–	(66 924)	–	(66 924)
Loss for the year	–	–	–	(66 924)	–	–	(66 924)	–	(66 924)
Other comprehensive income	–	–	–	–	–	–	–	–	–
Dividends declared	–	–	–	(142 186)	–	–	(142 186)	–	(142 186)
<b>Balance at 28 February 2023</b>	<b>3 979 956</b>	<b>–</b>	<b>3 979 956</b>	<b>(609 488)</b>	<b>–</b>	<b>–</b>	<b>3 370 468</b>	<b>–</b>	<b>3 370 468</b>

\* The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

# Condensed statement of cash flows

for the year ended 28 February 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Cash flows from operating activities</b>				
Cash generated by/(used in) operations	754 123	663 447	2 550	(1 506)
Dividend received	–	–	–	200 000
Investment income received	4 940	4 983	1 385	899
Finance costs	(78 288)	(62 910)	–	–
Tax paid	(86 420)	(125 202)	–	(20)
<b>Net cash from operating activities</b>	<b>594 355</b>	<b>480 318</b>	<b>3 935</b>	<b>199 373</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(241 529)	(146 470)	–	–
Disposal of property, plant and equipment	–	5 188	–	–
Investment property development cost	(137 895)	(446 470)	–	–
Proceeds on divestment of other financial assets	422	–	–	–
Additions to other financial assets	(197 436)	(160)	–	–
Loans advanced to group companies	–	–	–	(619)
<b>Net cash used in investing activities</b>	<b>(576 438)</b>	<b>(587 912)</b>	<b>–</b>	<b>(619)</b>
<b>Cash flows from financing activities</b>				
Treasury shares purchased	(121)	(32 994)	–	–
Bank and other borrowings raised	553 700	1 049 329	–	–
Bank and other borrowings repaid	(496 524)	(687 728)	–	–
Loans from group companies repaid	–	–	(2 651)	(189 410)
Lease liability repaid	(9 136)	(8 914)	–	–
Dividends paid	(138 606)	–	–	–
<b>Net cash (used in)/from financing activities</b>	<b>(90 687)</b>	<b>319 693</b>	<b>(2 651)</b>	<b>(189 410)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(72 770)</b>	<b>212 099</b>	<b>1 284</b>	<b>9 344</b>
Cash and cash equivalents at the beginning of the year	286 388	65 623	22 138	12 794
Effect of exchange rates on foreign cash balances	18 358	8 666	–	–
<b>Cash and cash equivalents at the end of the year</b>	<b>231 976</b>	<b>286 388</b>	<b>23 422</b>	<b>22 138</b>

# Notes to the financial statements

for the year ended 28 February 2023

## 1. Basis of preparation and accounting policies

The condensed consolidated and separate financial statements (“financial results”) for the year ended 28 February 2023 have been prepared in accordance with the framework concepts, measurement and recognition requirements of International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited, and the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended and, as a minimum, contain all of the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies and methods of computation align with IFRS and are consistent with those applied in the condensed consolidated and separate financial statements for the year ended 28 February 2022. These financial results 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 understanding the changes in the group’s financial position and performance from the year ended 28 February 2022.

The Board takes full responsibility for the preparation of the condensed consolidated and separate financial statements. The directors are also responsible for such internal controls as they determine is necessary to enable the preparation of the condensed consolidated and separate financial statements that are free from material misstatement, whether owing to fraud or error.

The condensed consolidated and separate financial statements are presented in South African Rands, the functional currency of the group. All amounts are rounded to the nearest thousand, except where another rounding measure has been indicated in the condensed consolidated and separate financial statements.

These financial results were compiled under the supervision of the group Chief Financial Officer, Mr CR J van Rensburg, CA (SA), and were reviewed by Acsion group’s external auditor, PKF Octagon Inc. The external auditor’s report does not necessarily report on all the information contained in these financial results. Shareholders are therefore advised to obtain a full understanding of the nature of the external auditor’s engagement, they should refer to the external auditor’s review report on page 25. A copy of the external auditor’s review report is also available for inspection at the Company’s registered office together with the condensed consolidated financial statements identified in the external auditor’s report. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company’s external auditor.

# Notes to the financial statements continued

for the year ended 28 February 2023

## 2. Investment property

Properties are valued annually. Properties are valued externally on a rotational basis. At least one-third of the properties are valued externally and the balance of the properties are valued by the directors annually. A property will be externally valued at least once every three years.

The effective date of the valuations was 28 February 2023 (2022: 28 February 2022). All investment properties for the group are considered to be level 3 on the fair value hierarchy as per IFRS 13. There were no transfers between levels 1, 2 and 3 during the year.

	Group	
	2023 R'000	2022 R'000
<b>Investment property</b>		
Investment property at fair value	11 083 750	9 951 519
Operating lease asset	167 984	135 695
<b>Total</b>	<b>11 251 734</b>	<b>10 087 214</b>

### Independent valuers

The group employed the services of the following professional valuers who have recent experience in the category of investment property being valued and are not connected to the group:

Name	Qualification
Mr N Azeredo of Quadrant Properties Proprietary Limited	Professional valuer registered in accordance with section 20(2)(a) of the Property Valuers Professional Act 47 of 2000. Member of the SA Institute of Valuers under registration number 7283/4
Mrs A de Wet of Amanda de Wet Consultants and Investors CC	Professional valuer registered in accordance with section 20(2)(a) of the Property Valuers Professional Act 47 of 2000. Member of the SA Institute of Valuers under registration number 5524
Mr H Timotheou of Timotheou Property Consultants LLC	Member of the Royal Institute of Chartered Surveyors and the Technical Chamber of Cyprus.
Mr P Parfitt of Quadrant Properties Proprietary Limited	Professional valuer registered in accordance with section 20(2)(a) of the Property Valuers Professional Act 47 of 2000. Member of the SA Institute of Valuers under registration number 2712/2

## 2. Investment property continued

Summary of property descriptions and values

Summary of property descriptions and values	Gross lettable area m <sup>2</sup>	Group	
		2023 R'000	2022 R'000
<b>Light industrial centres (local)</b>			
<b>Simarlo Rainbow</b> Sectional titles 352/99, 497/99 and 752/28 constituting 27 units on 6.9 hectares	6 007	47 358	46 213
<b>South African retail</b>			
<b>Metropolitan retail (local)</b>			
<b>Moreleta Square</b> Erf 6301 and 6302 of Farm Garsfontein 374 Moreleta Park Ext. 32 Pretoria	8 566	168 979	169 514
<b>Mall @ Reds</b> Erf 1089 Rooihuiskraal Extension 15 Centurion Gauteng	55 143	1 506 072	1 435 969
<b>Mall @ Carnival</b> Erf 3080 Dalpark Extension 5 Brakpan Gauteng	90 579	2 599 819	2 640 911
<b>Mall &amp; Trade @ 55</b> Portion 165 of the Farm Brakfontein and portions 0 and 1 of Acsionville 784 with Erf 1885, 1886 and 1901 of Heuweloord Extension 18 and 19 Monavoni Gauteng	25 477	498 493	372 591
<b>Rural retail (local)</b>			
<b>Mall @ Emba</b> Erf 2, 3 and 7 Embalenhle 7 and Erf 27777 Embalenhle Extension 13 Secunda	24 062	700 403	660 817
<b>Mall @ Lebo</b> Erf 31, 32 and 33 Lebowakgomo-BA-Township Thabamopo Limpopo district	23 548	611 545	568 849
<b>Mall @ Mfula</b> Portion 126 of Farm 149 and Erf 2686 of Piet Retief Mpumalanga	17 955	365 506	375 968
<b>Mall @ Moutsiya</b> Portion 6 of the Farm Walkraal Sekhukhune district Limpopo	14 703	266 173	245 796
<b>Mixed use apartments, hotel, residential and retail units</b>			
<b>Acsiopolis @ Sandton</b> Portion 1 of Erf 266 Benmore Gardens 5 Benmore Road Sandton	71 038	1 020 327	892 445
<b>Metropolitan retail (international)</b>			
<b>Metropolis Mall</b> 99 year land lease from Cypriot Orthodox Church and mall development	39 160	3 299 075	2 542 446
	376 238	11 083 750	9 951 519

# Notes to the financial statements continued

for the year ended 28 February 2023

## 2. Investment property continued

	Light industrial	Metropolitan retail				Metropolitan Total R'000	Rural retail				Rural Total R'000	Mixed use	International retail	Total R'000
	Simarlo Rainbow <sup>*1</sup> R'000	Moreleta Square <sup>*1</sup> R'000	Mall @ Reds <sup>*1</sup> R'000	Mall @ Carnival <sup>*2</sup> R'000	Mall & Trade @ 55 <sup>*1</sup> R'000		Mall @ Emba <sup>*4</sup> R'000	Mall @ Lebo <sup>*2</sup> R'000	Mall @ Mfula <sup>*2</sup> R'000	Mall @ Moutsiya <sup>*4</sup> R'000		Acsiopolis @ Sandton <sup>*6</sup> R'000	Metropolis Mall <sup>*3</sup> R'000	
<b>2023</b>														
<b>Net carrying value</b>														
Acquisition cost	32 112	132 774	751 154	1 637 175	179 554	2 732 769	408 327	249 575	860	30 471	689 233	42 530	-	3 464 532
Capital cost since acquisition	853	-	38 493	147 673	210 017	397 036	26 957	14 622	104 788	79 081	225 448	1 241 118	804 059	2 667 661
Right-of-use asset	-	-	-	-	-	-	-	-	-	-	-	-	687 619	687 619
Cumulative fair value adjustments	14 393	36 205	716 425	814 971	108 922	1 690 916	265 119	347 348	259 858	156 621	1 028 946	292 000	1 807 397	4 819 259
Transfer to property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	(555 321)	-	(555 321)
	47 358	168 979	1 506 072	2 599 819	498 493	4 820 721	700 403	611 545	365 506	266 173	1 943 627	1 020 327	3 299 075	11 083 750
<b>Reconciliation of investment property</b>														
Investment properties at the beginning of the year	46 213	169 514	1 435 969	2 640 911	372 591	4 665 198	660 817	568 849	375 968	245 796	1 851 430	892 445	2 542 446	9 951 519
Additions	-	-	-	-	90 399	90 399	6 280	-	8	-	6 288	35 716	6 181	138 584
Right-of-use asset (refer to note 6)	-	-	-	-	-	-	-	-	-	-	-	-	133 097	133 097
Foreign currency impact	-	-	-	-	-	-	-	-	-	-	-	-	368 928	368 928
Fair value adjustments	1 145	(535)	70 103	(41 092)	35 503	65 124	33 306	42 696	(10 470)	20 377	85 909	92 166	248 423	491 622
<b>Balance at the end of the year</b>	47 358	168 979	1 506 072	2 599 819	498 493	4 820 721	700 403	611 545	365 506	266 173	1 943 627	1 020 327	3 299 075	11 083 750

	Light industrial	Metropolitan retail				Metropolitan Total R'000	Rural retail				Rural Total R'000	Mixed use	International retail	Total R'000
	Simarlo Rainbow <sup>*4</sup> R'000	Moreleta Square <sup>*4</sup> R'000	Mall @ Reds <sup>*2</sup> R'000	Mall @ Carnival <sup>*5</sup> R'000	Mall & Trade @ 55 <sup>*4</sup> R'000		Mall @ Emba <sup>*2</sup> R'000	Mall @ Lebo <sup>*4</sup> R'000	Mall @ Mfula <sup>*4</sup> R'000	Mall @ Moutsiya <sup>*5</sup> R'000		Acsiopolis @ Sandton <sup>*6</sup> R'000	Metropolis Mall <sup>*3</sup> R'000	
<b>2022</b>														
<b>Net carrying value</b>														
Acquisition cost	32 112	132 774	751 154	1 637 175	179 554	2 732 769	408 327	249 575	860	30 471	689 233	42 530	-	3 464 532
Capital cost since acquisition	853	-	38 493	147 673	119 618	306 637	20 677	14 622	104 780	79 081	219 160	1 205 402	708 679	2 439 878
Right-of-use asset	-	-	-	-	-	-	-	-	-	-	-	-	483 632	483 632
Cumulative fair value adjustments	13 248	36 740	646 322	856 063	73 419	1 625 792	231 813	304 652	270 328	136 244	943 037	199 834	1 350 135	4 118 798
Transfer to property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	(555 321)	-	(555 321)
	46 213	169 514	1 435 969	2 640 911	372 591	4 665 198	660 817	568 849	375 968	245 796	1 851 430	892 445	2 542 446	9 951 519
<b>Reconciliation of investment property</b>														
Investment properties at the beginning of the year	41 834	162 406	1 357 052	2 444 665	316 001	4 321 958	619 866	516 014	336 447	233 739	1 706 066	768 458	1 446 292	8 242 774
Additions	156	-	-	-	2 064	2 220	144	-	-	-	144	234 851	209 253	446 468
Right-of-use asset	-	-	-	-	-	-	-	-	-	-	-	-	261 000	261 000
Foreign currency impact	-	-	-	-	-	-	-	-	-	-	-	-	(15 010)	(15 010)
Fair value adjustments	4 223	7 108	78 917	196 246	54 526	341 020	40 807	52 835	39 521	12 057	145 221	(110 864)	640 911	1 016 287
<b>Balance at the end of the year</b>	46 213	169 514	1 435 969	2 640 911	372 591	4 665 198	660 817	568 849	375 968	245 796	1 851 430	892 445	2 542 446	9 951 519

# Notes to the financial statements continued

for the year ended 28 February 2023

## 2. Investment property continued

	Light industrial	Metropolitan retail			Metropolitan retail		Rural retail			Mixed use	International retail		
	Simarlo Rainbow <sup>*1</sup> R'000	Moreleta Square <sup>*1</sup> R'000	Mall @ Reds <sup>*1</sup> R'000	Mall @ Carnival <sup>*2</sup> R'000	Mall & Trade @ 55 <sup>*1</sup> R'000	Total R'000	Mall @ Emba <sup>*4</sup> R'000	Mall @ Lebo <sup>*2</sup> R'000	Mall @ Mfula <sup>*2</sup> R'000	Mall @ Moutsiya <sup>*4</sup> R'000	Rural Total R'000	Acsiopolis @ Sandton <sup>*6</sup> R'000	Metropolis Mall R'000
<b>Unobservable inputs used for valuations (prior year figures in brackets)</b>													
Vacancy percentage	15.65% / (15.28%)	0.96% / (2.57%)	7.23% / (4.00%)	3.00% / (3.40%)	7.93% / (2.83%)	1.99% / (5.00%)	0.00% / (2.13%)	5.00% / (7.10%)	4.00% / (6.56%)				2.00% / (3.40%)
Discount rate	15.25% / (14.61%)	15.25% / (14.00%)	14.00% / (12.00%)	12.50% / (13.50%)	14.50% / (13.30%)	13.30% / (12.00%)	12.50% / (13.30%)	13.00% / (13.30%)	13.30% / (14.50%)				10.25% / (10.25%)
Exit capitalisation rate	10.25% / (9.20%)	10.25% / (9.40%)	9.25% / (8.00%)	8.00% / (8.00%)	9.50% / (8.50%)	9.40% / (9.75%)	8.60% / (8.50%)	9.00% / (8.50%)	9.40% / (9.50%)				7.25% / (7.25%)
Expense escalation rate	7.19% / (7.35%)	9.06% / (5.60%)	8.31% / (7.00%)	7.00% / (8.03%)	7.69% / (5.90%)	7.00% / (7.00%)	7.00% / (5.90%)	7.00% / (5.90%)	7.00% / (5.63%)				3.00% / (2.53%)
Revenue escalation rate	6.79% / (4.25%)	7.68% / (4.60%)	7.74% / (7.00%)	7.50% / (6.61%)	8.84% / (4.80%)	4.70% / (7.00%)	8.00% / (4.80%)	8.00% / (4.80%)	4.70% / (5.63%)			7.00% / (-)	3.00% / (3.15%)
Exit capitalisation rate (retail)											10.50% / (9.00%)		
Discount rate (apartments)											13.00% / (11.00%)		
Discount rate (retail)											13.00% / (13.00%)		
Apartment selling price per m <sup>2</sup>											R37 500 / R35 000		
<b>Sensitivity analysis</b>													
Capitalisation rate increase of 25 basis points													-52 944 / (-59 673)
Capitalisation rate decrease of 25 basis points													+60 355 / (+26 303)
Capitalisation rate increase of 50 basis points	-1 407 / (-1 488)	-5 065 / (-5 434)	-51 177 / (-56 375)	-157 092 / (-104 591)	-19 094 / (-13 680)	-25 283 / (-20 933)	-33 156 / (-20 940)	-20 126 / (-14 362)	-9 471 / (-10 101)				
Capitalisation rate decrease of 50 basis points	+1 551 / (+1 658)	+5 585 / (+6 044)	+57 025 / (+63 892)	+176 757 / (+118 536)	+21 215 / (+15 390)	+21 012 / (+23 259)	+39 233 / (+23 557)	+22 474 / (+16 157)	+8 658 / (+11 364)				
Capitalisation rate increase of 100 basis points												-15 371 / (-15 322)	
Capitalisation rate decrease of 100 basis points												+18 389 / (+17 948)	
Discount rate increase of 25 basis points													-47 983 / (-54 884)
Discount rate decrease of 25 basis points													+50 003 / (+19 462)
Discount rate increase of 50 basis points	-848 / (-760)	-3 070 / (-2 843)	-27 578 / (-24 877)	-129 / (-46 153)	-10 582 / (-6 411)	-14 855 / (-11 107)	-1 / (-9 812)	-21 / (-6 731)	-5 400 / (-4 734)				
Discount rate decrease of 50 basis points	+869 / (+778)	+3 144 / (+2 912)	+28 253 / (+25 505)	+131 / (+47 319)	+10 840 / (+6 570)	+8 406 / (+11 381)	- / (+10 056)	+22 / (+6 899)	+3 734 / (+4 852)				
Discount rate increase of 100 basis points													-14 293 / (-10 463)
Discount rate decrease of 100 basis points													11 405 / (11 899)

### Valuers and valuation techniques used in the respective years

<sup>\*1</sup> Ms N Azeredo's valuation using the discounted cash flow methodology.

<sup>\*2</sup> Mrs A de Wet's valuation using the opportunity cash flow method. This is a combination of capitalisation and discounted cash flow.

<sup>\*3</sup> Mr H Timotheou's valuation using the discounted cash flow and comparable methodologies.

<sup>\*4</sup> Directors' valuation using the income capitalisation methodology.

<sup>\*5</sup> Mr P Parfitt's, from Quadrant Properties Proprietary Limited, valuation using the discounted cash flow methodology.

<sup>\*6</sup> Mrs A de Wet's valuation using the residual valuation method for the apartments – and opportunity cash flow for the retail component.

# Notes to the financial statements continued

for the year ended 28 February 2023

## 3. Property, plant and equipment

	Computer equipment furniture and fixtures R'000	Investment property fixtures, plant and equipment R'000	Motor vehicles R'000	Owner- occupied hotel R'000	Tenant installations R'000	Total R'000
<b>2023</b>						
<b>Carrying value at the beginning of the year:</b>						
Cost/revalued amount	65 191	202 202	45	582 884	255 370	1 105 692
Accumulated depreciation	(22 869)	(140 780)	(33)	–	(205 255)	(368 937)
<b>Additions</b>	<b>42 322</b>	<b>61 422</b>	<b>12</b>	<b>582 884</b>	<b>50 115</b>	<b>736 755</b>
Reversal of previous impairment recognised in profit or loss	–	–	–	57 451	–	57 451
Transfer from investment property	1 613	(1 613)	–	–	–	–
Depreciation	(23 972)	(33 508)	(191)	(33 102)	(12 980)	(103 753)
Foreign currency impact	(2 340)	2 418	–	–	–	78
<b>Carrying value at the end of the year</b>	<b>133 991</b>	<b>68 521</b>	<b>1 419</b>	<b>686 396</b>	<b>41 733</b>	<b>932 060</b>
<b>Carrying value at year-end comprises:</b>						
Cost/revalued amount	180 832	242 613	1 643	719 498	259 968	1 404 554
Accumulated depreciation	(46 841)	(174 092)	(224)	(33 102)	(218 235)	(472 494)
	<b>133 991</b>	<b>68,521</b>	<b>1 419</b>	<b>686 396</b>	<b>41 733</b>	<b>932 060</b>
<b>2022</b>						
<b>Carrying value at the beginning of the year:</b>						
Cost/revalued amount	18 958	243 349	45	521 512	304 978	1 088 842
Accumulated depreciation	(18 581)	(190 250)	(24)	–	(234 348)	(443 203)
<b>Additions</b>	<b>377</b>	<b>53 099</b>	<b>21</b>	<b>521 512</b>	<b>70 630</b>	<b>645 639</b>
Impairment recognised in profit or loss	–	–	–	(5 298)	–	(5 298)
Depreciation	(4 293)	(18 612)	(9)	–	(21 954)	(44 868)
Disposals	(110)	(3 003)	–	–	(2 075)	(5 188)
<b>Carrying value at the end of the year</b>	<b>42 322</b>	<b>61 422</b>	<b>12</b>	<b>582 884</b>	<b>50 115</b>	<b>736 755</b>
<b>Carrying value at year-end comprises:</b>						
Cost/revalued amount	65 191	202 202	45	582 884	255 370	1 105 692
Accumulated depreciation	(22 869)	(140 780)	(33)	–	(205 255)	(368 937)
	<b>42 322</b>	<b>61 422</b>	<b>12</b>	<b>582 884</b>	<b>50 115</b>	<b>736 755</b>

## 3. Property, plant and equipment continued

	Cost R'000	Revaluation R'000	Depreciation R'000	Carrying amount R'000
<b>Reconciliation of owner-occupied hotel</b>				
At transfer date	247 154	308 167	–	555 321
2019	17 366	30 347	–	603 034
2020	(8 930)	(1 839)	–	592 265
2021	51 330	(122 083)	–	521 512
2022	66 670	(5 298)	–	582 884
2023	79 162	57 451	(33 102)	686 395
<b>Total</b>	<b>452 752</b>	<b>266 745</b>	<b>(33 102)</b>	<b>686 395</b>

The owner-occupied asset is the hotel portion of the mixed-use asset Acsiopolis @ Sandton. The group operates the property as a hotel (together with the operations that are ancillary to the hotel). The property has been classified as owner occupied. This portion of the mixed-use property was transferred to property, plant and equipment at fair value on 30 November 2018.

### Valuation technique

A residual valuation method was used by Mrs A de Wet, being the best use for this property. In the prior year, the same methodology was used by Mrs A de Wet.

The effective date of the revaluation was 28 February 2023 (2022: 28 February 2022).

The owner-occupied property is classified as level 3 in terms of IFRS 13. There were no transfers between levels 1, 2 and 3 during the year (2022: none).

The following unobservable inputs were used by the valuer in estimating the fair value:

	2023	2022
Revenue escalation rate (retail)	7.00%	–
Exit capitalisation rate (retail)	10.50%	–
Discount rate (apartments)	13.00%	12.00%
Discount rate (retail)	13.00%	–
Apartment selling price per m <sup>2</sup>	R37 500	R35 000
<b>Sensitivity analysis</b>		
An increase of 100 basis points in the capitalisation rate	(12 525)	–
An decrease of 100 basis point of the discount rate	14 983	–
An increase of 100 basis point of the discount rate	(9 067)	(7 750)
A decrease of 100 basis point on the discount rate	7 235	7 960
Increase in the selling price to R40 000 per m <sup>2</sup>	41 781	86 509

# Notes to the financial statements continued

for the year ended 28 February 2023

## 4. Goodwill

Goodwill	Group	
	2023 R'000	2022 R'000
Carrying value of goodwill	625 464	625 464

Goodwill originated during the formation of the Acsion Limited group and represents a premium paid to internalise the property management, asset management and property development functions within the group to secure their participation in the development profits arising from the current development pipeline, as well as future development opportunities.

For the purposes of performing the impairment test, the goodwill is allocated to the property and asset management and development unit ("Anaprop") which is the smallest cash-generating unit ("CGU") expected to benefit from the acquisition which gave rise to the goodwill. The recoverable amount of the CGU is determined on a value in use basis and this is compared to the carrying value of the CGU, including the goodwill. To the extent that the recoverable value is less than the carrying value of the CGU, goodwill is impaired. Management makes assumptions regarding certain pipeline developments to anticipate the impact it will have on the future cash flows of the CGU.

Value in use was determined using a discounted cash flow model which used budgets and forecasts for five years and in perpetuity value discounted to present value.

Some of the parameters used in the determination of the value in use of Anaprop includes the following:

Unobservable inputs used for valuation	Group	
	2023	2022
Contractual fee income rate	7.50%	7.50%
Discount rate	15.14%	10.48%
Euro exchange rate in Rands to Euros	R19.59	R18.03
Exit capitalisation rate	10.14%	7.73%
Growth rate – South Africa	5.00%	5.00%
Growth rate – Europe	1.00%	1.00%
Forecast period used to calculate recoverable value in years	5	5

The amount by which the value in use of Anaprop exceeded its carrying value, including goodwill, as of 28 February 2023 was approximately R10.191 million (2022: R21.9 million).

Goodwill sensitivity analysis	2023	2022
	%	%
A change in the following significant inputs would result in the recoverable amount of the goodwill being equal to its carrying value		
Discount rate	15.30	10.75
Exit capitalisation rate	10.39	8.13
Growth rate – South Africa	4.07	3.85
Growth rate – Europe	(0.63)	(2.91)

## 5. Stated capital

The group repurchased 23 754 shares at an average price of R5.11 per share during the year and currently holds 9 944 065 treasury shares. The decision to repurchase shares was made as the share price was trading significantly below the reported net asset value ("NAV") of the group. These shares were purchased at approximately 80% below the reported NAV per share as at 28 February 2023.

## 6. Lease liabilities

	Group	
	2023 R'000	2022 R'000
Balance at the beginning of the year	501 970	236 744
Variable lease payments adjustment*	133 097	–
Extension of lease term adjustment	–	279 339
Interest calculated at the average Euro to Rand exchange rate for the year	12 611	23 295
Repayments calculated at the average Euro to Rand exchange rate for the year	(9 136)	(8 914)
	638 542	530 464
Foreign currency gain/(loss) during the year	67 209	(28 494)
	705 751	501 970
Amount repayable within 12 months reflected in current liabilities	(5 342)	(4 263)
	700 409	497 707
The lessor and indebtedness to it, are:		
Orthodox Church of Cyprus for a Euro-denominated land lease on which the Metropolis Mall has been developed for a period of 33 years with two 33 year renewal options (99-year lease)	705 751	501 970
Euro to Rand foreign exchange rate	R19.59	R17.29
Annual escalations	Cypriot inflation with a minimum = 1% maximum = 4%	Cypriot inflation with a minimum = 1% maximum = 4%
Periodic escalations in addition to annual escalations	2.6% of the land value 13 years after commencement on 1.1.'19 and renewal dates	2.6% of the land value 13 years after commencement on 1.1.'19 and renewal dates

\* The adjustment relates to the increase of the Cyprus inflation rate. As a result of the change in the rate, the amount has been adjusted in accordance with IFRS 16.

# Notes to the financial statements continued

for the year ended 28 February 2023

## 7. Borrowings

	Group	
	2023 R'000	2022 R'000
<b>Held at amortised cost</b>		
<b>Nungu Trading 517 Proprietary Limited – Rand denominated</b>		
This loan was with Nedbank and attracted interest at prime minus 140 basis points. This loan was settled during the year and secured in the amount of R150 million over the Mall @ Lebo property (refer to note 2)	–	28 983
<b>Golden Falls 125 Proprietary Limited – Rand denominated</b>		
R300 million revolving credit facility with Standard Bank repayable on 26 May 2024, bearing quarterly interest at the three-month JIBAR rate plus 2.02%*	201 223	295 576
R300 million term loan facility with Standard Bank repayable on 26 May 2024, bearing quarterly interest at the three-month JIBAR rate plus 2.15%*	300 000	300 000
R300 million term loan facility with Standard Bank repayable on 24 February 2025, bearing quarterly interest at the three-month JIBAR rate plus 1.96%*	300 000	100 017
R400 million term loan facility with Standard Bank repayable on 7 March 2025, bearing quarterly interest at the three-month JIBAR rate plus 1.96%*	341 074	–
<b>Golden Falls 125 Proprietary Limited – Euro denominated</b>		
Euro 20 million term loan facility which was held with Standard Bank, repayable on 26 May 2022, bearing quarterly interest at the three-month EURIBOR rate plus 1.70%. The loan was secured over the Mall @ Carnival (refer to note 2). The facility was settled during March 2022 when the group refinanced this facility and replaced it with a South African Rand-denominated facility	–	347 324
*These loans are secured in the amount of R1.3 billion over Mall @ Carnival (refer to note 2)		
<b>K Anastasi Projects Proprietary Limited</b>		
The loan bears interest at prime less approximately 280 basis points, being the group investment rate and has no fixed terms of repayment	–	7 817
<b>Total</b>	<b>1 142 297</b>	<b>1 079 717</b>
<b>Split between non-current and current portions</b>		
Non-current liabilities	1 136 893	708 258
Current liabilities	5 404	371 459
<b>Borrowing agreements covenant triggers</b>		
Corporate loan-to-value covenant (maximum)	45%	45%
Corporate loan-to-value achieved	9%	10%
Corporate interest cover ratio (maximum)	2	2
Interest cover ratio achieved	10	17
<b>Loan-to-value as per SA REIT</b>		
Interest-bearing financial liabilities	1 848 048	1 581 687
Cash and cash equivalents	(231 976)	(286 388)
<b>Net debt</b>	<b>1 616 072</b>	<b>1 295 299</b>
<b>Total assets per statement of financial position</b>	<b>13 367 139</b>	<b>11 902 941</b>
Cash and cash equivalents	(231 976)	(286 388)
Goodwill	(625 464)	(625 464)
Intangible assets	(165)	(165)
Inventory not related to property	(6 480)	–
Trade and other receivables	(30 133)	(46 606)
<b>Property related assets</b>	<b>12 472 921</b>	<b>10 944 318</b>
<b>Loan-to-value ratio</b>	<b>13%</b>	<b>12%</b>

## 8. Earnings, headline earnings and net asset value per share

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Basic earnings and earnings per share</b>				
Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year				
<b>Reconciliation of profit for the year to basic earnings</b>				
Profit or loss for the year attributable to equity holders of the company	906 789	1 219 007	–	–
Adjusted for earnings attributable to non-controlling interests	(17 901)	(48 648)	–	–
Basic earnings	888 888	1 170 359	–	–
Weighted average number of shares in issue	385 023	387 743	–	–
Earnings per share in cents*	230.87	301.84	–	–
Diluted earnings per share** in cents	230.87	301.84	–	–
<b>Headline earnings and headline earnings per share</b>				
Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary shares outstanding during a period.				
The calculation of headline earnings per share has been performed in accordance with Circular 1/2021.				
Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable remeasurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.				
<b>Reconciliation between earnings and headline earnings</b>				
Basic earnings	888 888	1 170 359	–	–
Fair value adjustments	(491 622)	(1 016 287)	–	–
Taxation attributable to fair value adjustments	102 358	208 278	–	–
(Reversal of impairment loss)/impairment loss – owner-occupied property	(57 451)	5 298	–	–
Taxation attributable to impairment loss – owner-occupied property	16 086	(1 483)	–	–
Non-controlling interest relating to fair value adjustments	4 965	42 854	–	–
<b>Headline earnings</b>	<b>463 224</b>	<b>409 019</b>	<b>–</b>	<b>–</b>
Weighted average number of shares in issue	385 023	387 743	–	–
Headline earnings per share in cents	120.31	105.49	–	–
Diluted headline earnings per share** in cents	120.31	105.49	–	–

\* Earnings per share are from continuing operations. There are no discontinued operations.

\*\* Diluted earnings and headline earnings per share are equal to undiluted earnings and headline earnings per share because there are no dilutive ordinary shares in issue or options thereon.

# Notes to the financial statements continued

for the year ended 28 February 2023

## 8. Earnings, headline earnings and net asset value per share continued

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Dividends paid per share</b>				
Number of shares in issue	394 960	–	394 960	–
Gross value of dividend in Rands declared 10 June 2022	71 093	–	71 093	–
Gross value of interim dividend in Rands declared 30 November 2022	71 093	–	71 093	–
Gross value of dividends in Rands declared and paid during the year	142 186	–	142 186	–
Gross dividend per share declared during the year	18.00	–	18.00	–
Net dividend per share after deducting 20% dividend tax	14.40	–	14.40	–
NAV attributable to parent	9 204 044	8 206 652	–	–
Net deferred tax liability	1 747 772	1 574 817	–	–
	<b>10 951 816</b>	<b>9 781 469</b>	<b>–</b>	<b>–</b>
Number of shares in issue (excluding treasury)	385 016	385 040	–	–
NAV per share (cents) <sup>1</sup>	2 390.56	2 131.38	–	–
NAV per share (cents) (excluding deferred tax) <sup>2</sup>	2 844.51	2 540.38	–	–
SA REIT NAV per share (cents) <sup>3</sup>	2 663.55	2 359.43	–	–

<sup>1</sup> NAV is the value of the total assets (non-current assets plus current assets) minus total liabilities (non-current liabilities plus current liabilities). Assets include financial assets and liabilities include financial liabilities. NAV per share is determined by dividing the total NAV by the total number of shares outstanding as at year-end.

<sup>2</sup> NAV excluding deferred tax is a measure that is specific to Acsion and is not required in terms of IFRS or the JSE Listings Requirements. NAV per share excluding deferred tax is determined by adjusting the NAV to account for deferred tax assets and deferred tax liabilities.

<sup>3</sup> SA REIT NAV is a measure that is specific to South African Real Estate Investment Trusts and is not required in terms of IFRS or the JSE Listings Requirements. SA REIT NAV per share is determined by including dividends to be declared and excluding items that are intangible by nature and unlikely to be realised in the ordinary course of the group's business.

## 9. Related parties

The following significant related party transactions occurred during the year:

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Dividends received from subsidiaries</b>				
DAJM Property Investment Proprietary Limited	–	–	8 489	–
Double Ring Trading 62 Proprietary Limited	–	–	–	100 000
Nungu Trading 516 Proprietary Limited	–	–	101 031	100 000
Rubensmen Proprietary Limited	–	–	32 666	–
<b>Purchases from related parties</b>				
K Anastasi Projects Proprietary Limited – Mall @ 55	66 074	–	–	–
– Acsiopolis	198 724	428 896	–	–

K Anastasi Projects Proprietary Limited is held indirectly by a director of the company. Purchases relate to construction and remedial work at Acsiopolis and the 10 000m<sup>2</sup> expansion of Mall @ 55.

## 10. Revenue

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Contractual rental revenue and recoveries	1 081 798	918 274	–	–
Straight-lining of rental revenue adjustment	24 131	(8 331)	–	–
Revenue from hospitality operations	79 227	–	–	–
Food and beverage recognised at a point in time	27 772	–	–	–
Rooms revenue recognised over time	41 084	–	–	–
Conference revenue recognised over time	10 371	–	–	–
Dividend income from group companies	–	–	142 186	200 000
Management fee income	248	399	9 260	8 547
	<b>1 185 404</b>	<b>910 342</b>	<b>151 446</b>	<b>208 547</b>

## 11. Operating expenses

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Property taxes and utility expenses	244 466	171 428	–	–
Hotel operational expenses	55 015	–	–	–
Property operational expenses				
– Cleaning	15 114	11 234	–	–
– Security	17 582	13 429	–	–
– Repairs and maintenance	22 232	6 401	–	–
	<b>54 928</b>	<b>31 064</b>	<b>–</b>	<b>–</b>
Depreciation, amortisation and impairment				
– Depreciation of owner-occupied property, plant and equipment	103 753	44 868	–	–
– (Reversal of)/impairment of owner-occupied property, plant and equipment	(57 451)	5 298	–	–
– Impairment of investments in subsidiaries	–	–	201 400	158 426
– Impairment of loans to group companies	–	–	10 140	–
	<b>46 302</b>	<b>50 166</b>	<b>211 540</b>	<b>158 426</b>
Short-term employee benefits				
– Salaries, wages, directors fees, bonuses and other benefits	46 119	31 135	4 198	5 130
– Study fees	330	328	–	–
	<b>46 449</b>	<b>31 463</b>	<b>4 198</b>	<b>5 130</b>

## 12. Events after the reporting period

### Dividend declared

On 14 June 2023, the Board of directors has declared a final cash gross dividend (No 5) of 18 cents per ordinary share, payable out of income reserves to all shareholders of Acsion Limited.

The total gross dividend per share for the year ended 28 February 2023 therefore amounts to 36 cents, compared to 18 cents for the year ended 28 February 2022.

The dividend per share is calculated based on 394 959 976 shares in issue as at the date of the dividend declaration and therefore amounts to R71 092 795.68 in aggregate.

The net dividend amount, excluding South African dividend tax of 20%, which equates to 3.6 cents, is 14.4 cents per share for those shareholders that are not exempt from dividend tax.

# Notes to the financial statements continued

for the year ended 28 February 2023

## 12. Events after the reporting period continued\

Acision's income tax reference number is 9794017161.

In compliance with the requirements of Strate, the Company has determined the following salient dates for the payment of the final dividend:

Last day to trade cum dividend	Tuesday, 18 July 2023
Shares commence trading ex dividend	Wednesday, 19 July 2023
Record date	Friday, 21 July 2023
Payment date	Monday, 24 July 2023

Shares may not be rematerialised or dematerialised between Wednesday, 19 July 2023 and Friday, 21 July 2023, both days inclusive.

### Property acquisitions

Transfer of the following properties, earmarked for further development in the near future, occurred after year-end:

	Land size	Transfer date	Acquisition value R'000
Erf 173153, Cape Town City Centre, Western Cape	3 037 m <sup>2</sup>	30 May 2023	92 000
Brasserie Farm, R45 Main Road, Franschhoek, Western Cape	5.65 ha	9 May 2023	35 000
The group is awaiting transfer of the following property: Unoccupied factory of 45 300 m <sup>2</sup> , Pilea, Greece	13.8 ha	Not yet determined	190 504

*The acquisition price of the of the property in Pilea, Greece was deposited with the Greece transfer attorneys, from excess cash. The deposit is accounted for under the current assets grouping in the condensed statement of financial position as other financial asset.*

## 13. Segmental reporting

The group's investment portfolio is currently heavily weighted toward retail (79%). The group has three main reportable segments, namely:

- South African property operations;
- South African hospitality operations; and
- Foreign property operations.

The South African hospitality operation is an additional operating segment that came about with the opening of the hotel and ancillary operations within the Acsiopolis mixed-use property.

From a South African geographical perspective, five developed properties are situated within the borders of Gauteng, two in Limpopo and two in Mpumalanga. All the South African investment properties are within a 450 km radius of one another.

An operating segment's operating results are reviewed regularly by management to make decisions about resources to be allocated to the segment and assess its performance.

The segmental information for 2022 has been aligned to what is reviewed by management.

	Group – 2023					Group – 2022		
	Foreign property operations R'000	Local property operations R'000	Local hotel and retail operations R'000	Local combined operations R'000	Total R'000	Foreign property operations R'000	Local property operations R'000	Total R'000
<b>Operating revenues</b>								
Contractual rental revenue and recoveries	247 674	834 124	–	834 124	1 088 798	145 031	773 243	918 274
Straight-lining of rental revenue adjustment	63 342	(39 211)	–	(39 211)	24 131	2 396	(10 727)	(8 331)
Revenue from direct property operations	311 016	794 913	–	794 913	1 105 929	147 427	762 516	909 943
Revenue from hospitality operations	–	–	79 227	79 227	79 227	–	–	–
– Food and beverage recognised at a point in time	–	–	27 772	27 772	27 772	–	–	–
– Rooms revenue recognised over time	–	–	41 084	41 084	41 084	–	–	–
– Conference revenue recognised over time	–	–	10 371	10 371	10 371	–	–	–
Management fee income	–	248	–	248	248	–	399	399
<b>Revenue</b>	<b>311 016</b>	<b>795 161</b>	<b>79 227</b>	<b>874 388</b>	<b>1 185 404</b>	<b>147 427</b>	<b>762 915</b>	<b>910 342</b>
Other income	1	12 434	–	12 434	12 435	748	1 615	2 363
Fair value adjustments	248 415	243 207	–	243 207	491 622	807 076	209 211	1 016 287
Impairment losses on trade receivables	(1 102)	(22 837)	–	(22 837)	(23 939)	–	(41 535)	(41 535)
Operating expenses	(75 245)	(308 445)	(95 302)	(403 747)	(478 992)	(31 325)	(269 858)	(301 183)
<b>Operating profit/(loss)</b>	<b>483 085</b>	<b>719 520</b>	<b>(16 075)</b>	<b>703 445</b>	<b>1 186 530</b>	<b>923 926</b>	<b>662 348</b>	<b>1 586 274</b>
Investment income	–	4 940	–	4 940	4 940	–	4 983	4 983
Finance costs	(12 611)	(82 696)	–	(82 696)	(95 307)	(28 659)	(34 251)	(62 910)
Foreign exchange gains/(losses)	36 209	(26 439)	–	(26 439)	9 770	(15 547)	709	(14 838)
<b>Profit before taxation</b>	<b>506 683</b>	<b>615 325</b>	<b>(16 075)</b>	<b>599 250</b>	<b>1 105 933</b>	<b>879 720</b>	<b>633 789</b>	<b>1 513 509</b>
Tax	(57 901)	(141 243)	–	(141 243)	(199 144)	(170 718)	(123 784)	(294 502)
<b>Profit for the year</b>	<b>448 782</b>	<b>474 082</b>	<b>(16 075)</b>	<b>458 007</b>	<b>906 789</b>	<b>709 002</b>	<b>510 005</b>	<b>1 219 007</b>

# Notes to the financial statements continued

for the year ended 28 February 2023

## 13. Segmental reporting continued

	Group – 2023					Group – 2022		
	Foreign property operations R'000	Local property operations R'000	Local hotel and retail operations R'000	Local combined operations R'000	Total R'000	Foreign property operations R'000	Local property operations R'000	Total R'000
<b>ASSETS</b>								
<b>Non-current assets</b>								
Investment property	3 299 075	7 784 674	–	7 784 674	11 083 749	2 542 446	7 409 073	9 951 519
Operating lease asset	73 903	94 081	–	94 081	167 984	2 401	133 294	135 695
Property, plant and equipment	4 303	921 558	6 199	927 757	932 060	4 381	732 374	736 755
Goodwill	–	625 464	–	625 464	625 464	–	625 464	625 464
Intangible assets	–	165	–	165	165	–	165	165
Other financial assets	332	195	–	195	527	5 213	(4 514)	699
Deferred tax assets	–	37 465	–	37 465	37 465	–	73 996	73 996
<b>Current assets</b>								
Inventory	–	39 687	6 385	46 072	46 072	–	39 592	39 592
Current tax asset	–	21 039	–	21 039	21 039	–	6 062	6 062
Trade and other receivables	2 409	26 304	1 420	27 724	30 133	8 743	37 863	46 606
Other financial assets	190 504	–	–	–	190 504	–	–	–
Cash and cash equivalents	50 333	178 759	2 884	181 643	231 976	27 164	259 224	–
	<b>3 620 859</b>	<b>9 729 391</b>	<b>16 888</b>	<b>9 746 279</b>	<b>13 367 138</b>	<b>2 590 348</b>	<b>9 312 593</b>	<b>11 902 941</b>
<b>EQUITY AND LIABILITIES</b>								
<b>Capital, reserves and non-controlling interests</b>	<b>1 807 974</b>	<b>7 604 856</b>	<b>(24 212)</b>	<b>7 580 644</b>	<b>9 388 618</b>	<b>1 184 235</b>	<b>7 176 163</b>	<b>8 360 398</b>
<b>Non-current liabilities</b>								
Deferred tax liabilities	353 535	1 431 702	–	1 431 702	1 785 237	271 425	1 377 388	1 648 813
Lease liabilities	700 409	–	–	–	700 409	497 705	2	497 707
Borrowings	–	1 136 893	–	1 136 893	1 136 893	–	708 258	708 258
Trade and other payables	13 166	–	–	–	13 166	–	–	–
<b>Current liabilities</b>								
Lease liabilities	5 342	–	–	–	5 342	4 263	–	4 263
Borrowings	–	5 404	–	5 404	5 404	–	371 459	371 459
Loans from shareholders	1 960	2 466	–	2 466	4 426	–	3 966	3 966
Loans from group companies	590 552	(595 296)	4 744	(590 552)	–	524 566	(524 566)	–
Provisions	–	10 145	–	10 145	10 145	–	7 532	7 532
Current tax liability	–	9 780	–	9 780	9 780	1 697	14 259	15 956
Trade and other payables	147 921	123 439	36 356	159 797	307 709	106 457	178 132	284 589
<b>Total liabilities</b>								
<b>Total equity and liabilities</b>	<b>3 620 859</b>	<b>9 729 389</b>	<b>16 888</b>	<b>9 746 279</b>	<b>13 367 138</b>	<b>2 590 348</b>	<b>9 312 593</b>	<b>11 902 941</b>

# Independent auditor's review report

for the year ended 28 February 2023

## Independent auditor's review report on condensed consolidated and separate financial statements

### To the Shareholders of Acision Limited

We have reviewed the condensed consolidated and separate financial statements of Acision Limited, contained in the accompanying provisional financial report set out on pages 2 to 24, which comprise the condensed consolidated and separate statement of financial position as at 28 February 2023, the condensed consolidated and separate statement of profit and loss and other comprehensive income, the condensed consolidated and separate statement of changes in equity and condensed consolidated and separate statement of cash flows for the year then ended, and selected explanatory notes.

### Directors' Responsibility for the Condensed Consolidated and Separate Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated and separate financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the Basis of presentation and accounting policies to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated and separate financial statements contained in a provisional report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

### Auditor's Responsibility

Our responsibility is to express a conclusion on these condensed consolidated and separate financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated and separate financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate 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 these condensed and consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated and separate financial statements of Acision Limited for the year ended 28 February 2023 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the Basis of presentation and accounting policies to the financial statements, and the requirements of the Companies Act of South Africa.

*PKF Octagon Inc.*

**PKF Octagon Inc.**  
Director: MZ Moosa  
Registered Auditor  
Johannesburg, South Africa

15 June 2023

# Commentary

Acsion is a property manager and real estate developer that 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 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 enhance 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 quality.

The group is pleased to report that it continues to achieve its targeted growth rate to achieve a NAV of 2 390.56 cents in this reporting period (2022: 2 131.38 cents).

Focus on value engineering, operational performance and prudent financial stewardship has ensured the exceptional returns and growth since the listing of the group.

The group is successfully implementing its strategy of applying a portfolio diversification approach toward other sectors, with a focus on optimising gearing and return on investment.

The group has diversified its sector asset developments with the Acsiopolis mixed-use development in Sandton and geographically with its development in Cyprus. The group has continued its diversification and expansion with the development of Phase II of Mall @ 55, the acquisition of an exciting asset in Pilea, Greece and, subsequent to year-end, the finalisation of a hospitality asset in the Cape Winelands, as well as property in the Cape Town CBD intended as a mixed-use development.

This strategy allows the group to diversify its revenue and mitigate the risks of portfolio concentration and address its future sustainability.

A continued area of focus is investment in renewable sources of energy to mitigate energy shortages and allow for operational cost efficiencies.

## Operational update

The Acsiopolis development in Benmore opened its doors in March 2022 and became fully operational at the end of December 2022 after a staged approach. The size of the hotel in comparison to competitors reflects that @Sandton Hotel holds the biggest stock in the Sandton node. A strong mix and balance across all our sales segments continues to be our focus in building base business in the property. The hotel also continues to build our brand and presence in the node and will continue to grow from strength to strength despite the node remaining competitive with very flexible pricing strategies. Performance to date continues to highlight that our strategy is taking market share from existing competitors and yielding strong revenue per available room ("RevPAR") conversions which is particularly encouraging in the current tough economic climate.

The building has been designed as a twenty storey mixed-use development. 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, while 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 upon which the property with a gross building area ("GBA") of approximately 138 000 m<sup>2</sup> has been developed. The majority of this is for short-term residential letting which supports Acsion's strategy of sectoral diversification. Of this, approximately 37 000 m<sup>2</sup> will be available as executive suites, 23 400 m<sup>2</sup> is earmarked for short-term stay units and 10 600 m<sup>2</sup> for commercial and retail. Occupancy levels of the residential units have reached 55% since the handover of the full complement of residential units in December 2022. The current operating units have activated further interest in the retail component of the development.

South African and international travel patterns returning to normal as the pandemic subsided also led to a return in demand for conferencing and events. The uptick in the banqueting demand is illustrative of the return of corporate activities in the Sandton node particularly by multinational corporations, pushing a high conversion rate for these services.

The recovery in tourism and demand for conferences and events following the easing of Covid-19 restrictions has also been encouraging for the group's strategic expansion into the Western Cape. The asset in the Cape Winelands is our first foray into the Western Cape hospitality sector. The location of this unique asset as well as the appeal of the Cape Winelands to a high-end market are the drivers to develop a luxury property that attracts higher room rates for short-stay units. It is envisaged that the development of the property will commence in the next six months while simultaneously continuing the current operations.

In line with two of the key drivers of the Cape Town economy, tourism and business services, the group has continued its strategic expansion in the South African market with the proposed acquisition of a building in the Cape Town CBD. The intention is to build a mixed-use development comprising short-stay units, residential apartments, and events and conferencing facilities. Our experience with our mixed-use development in Sandton as well as our value engineering approach will provide the group the opportunity to optimise the returns on this asset and provide a healthy increase in our NAV.

The 39 000 m<sup>2</sup> Metropolis Mall in Larnaca, Cyprus is the group's first international retail development. In the first eighteen months of trading occupancy was at 92%. We are pleased to announce that, after year-end, the first store in Cyprus of a significant international brand has signed up as a tenant, increasing occupancy levels to 97.2%. The group has signed a 33-year lease over land in Larnaca, with two options to renew of 33 years each.

Metropolis Mall is the dominant and only formal retail mall in Larnaca, catering for approximately 150 000 people. With a full retail offering, including a supermarket, major fashion retailers, branded and independent shops, services, entertainment, modern restaurants and cafés, kids play areas and free Wi-Fi, it is Larnaca's ultimate lifestyle and shopping metropolis.

The group is in the final stages of negotiation to install a solar PV plant at the Metropolis Mall. Regulatory approval has been obtained to increase capacity from 1.5 MW to 2.8 MW which will enhance our energy management capacity and drive operating costs lower, particularly in light of the current surge in energy prices worldwide.

The outlook for this project remains optimistic as confirmed by the Cyprus Composite Leading Economic Index ("CCLEI") continuing its positive year-over-year growth trend in April 2023, providing further support for the economic forecasts of the Cypriot economy. Despite expectations of a slowdown, the economy is seen avoiding a recession, as indicated by the Economics Research Center of the University of Cyprus' Economics Department.

# Commentary continued

The Metropolis Mall project has given us the foundation and impetus for further developments in Europe, and we are pleased to announce the group's acquisition of an asset in Thessalonica, Greece. Central Macedonia, home to Thessalonica – Greece's second largest city – has one of the country's most diversified economies, featuring tourism, manufacturing, energy, mining and agriculture. The Port of Thessalonica, Greece's second largest port, is regarded as the gateway to the Balkans, which, combined with an excellent transportation infrastructure, serves as an entry point into south-eastern Europe. Thessalonica is a modern urban centre, with a population of over 878 000 residents in its regional unit. The project entails the redevelopment of an existing industrial building located on approximately 13 hectares of land into a mixed-use development comprising offices, residential apartments and a retail component. The projections are that the first phase of the project should come on stream in the early part of 2025. This development also enhances geographical and currency diversification for the Acision portfolio.

Our South African portfolio continues to face the consequences of increased stages of loadshedding. To mitigate the impact of this risk, we are planning to increase our current generation capacity from 11 mWp to 20 mWp over the next 18 months, along with 20 MWh of battery storage which will equate to 28 million kWh per annum of solar energy production. We will continue to closely monitor the impact of loadshedding and respond with appropriate measures to alleviate the situation for our tenants.

## Conclusion

The international geopolitical risk and the rising interest rates together with the deterioration of basic infrastructure pose acute challenges for our South African portfolio. Our diversification strategy is already bearing fruit with the Rand hedge investments in Europe and our strategic acquisitions in the Western Cape. Together with our seasoned management team and staff we are confident that our strategic direction, our operational execution and our strong financial position will continue to create and preserve value for the group.

The strong results reported are extremely positive and position the group well to face headwinds and we are confident that we have the means to face the oncoming challenges. The group has a strong base to fund further expansion, consider further opportunities for diversification and maintain its strong operational performance.

The group continues to evaluate offshore development opportunities and property acquisitions where the required ROI is available.

The strategic consideration of new uses of property, an expanded portfolio of property categories to be able to keep up with changes in business and consumer behaviour, and optimal use of gearing within the group are key areas of focus.

## Lease renewals

Acision's current property portfolio's income stream is supported by a high percentage of A-grade tenants (listed and large nationals) and a weighted average lease expiry period ("WALE") of 5.69 years. The high WALE is offset by the low-weighted average lease escalation percentage of 1.17% and is evidence of the current tough trading conditions.

## Tenant profile by rentable area

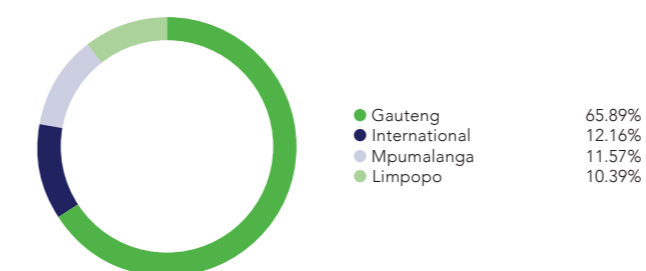
### Occupied building gross lettable area ("GLA")

Anchor	National	Semi-national
19%	42%	13%
Line	Residential	Medical
10%	15%	1%

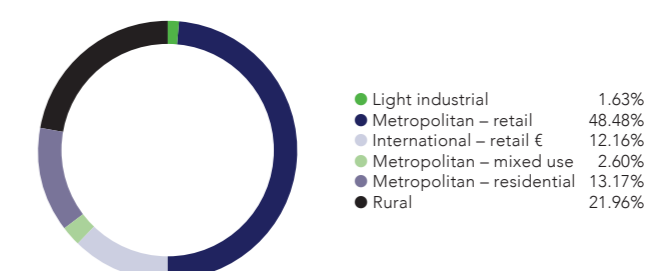
## Leasing expiry profile based on existing leases by rentable area

	2024 %	2025 %	2026 %	2027 %	Post-2027 %
Light industrial	80	15	5	–	–
Metropolitan – retail	29	15	21	20	15
International – retail – €	1	6	3	49	41
Metropolitan – mixed use	92	–	–	–	8
Metropolitan – residential	100	–	–	–	–
Rural	19	37	7	16	21

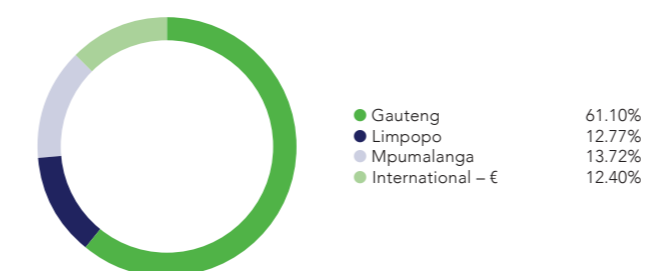
## GEOGRAPHICAL PROFILE BY RENTABLE AREA TOTAL BUILDING GLA



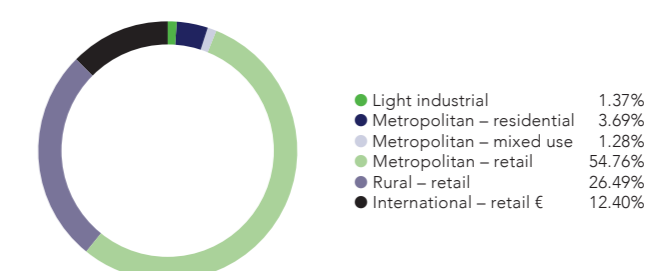
## SECTOR PROFILE BY RENTABLE AREA TOTAL BUILDING GLA



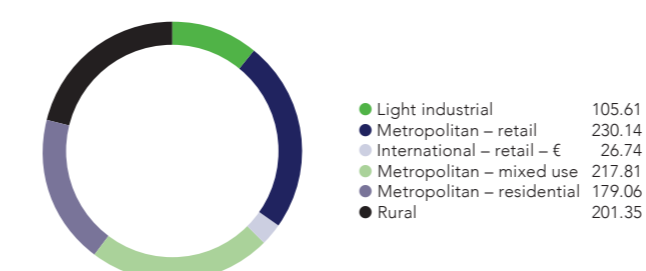
## GEOGRAPHICAL PROFILE BY RENTABLE AREA OCCUPIED BUILDING GLA



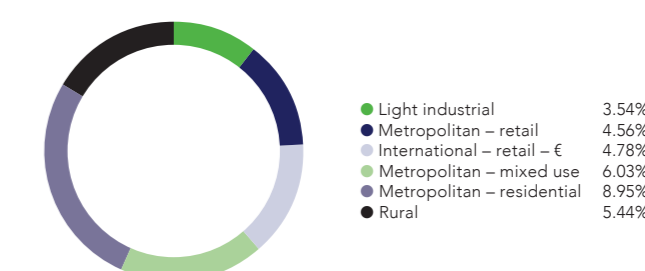
## SECTOR PROFILE BY RENTABLE AREA OCCUPIED BUILDING GLA



## WEIGHTED AVERAGE RENTAL PER SQUARE METRE RENTABLE AREA PER SECTOR



## WEIGHTED AVERAGE RENTAL ESCALATION PROFILE BY RENTABLE AREA PER SECTOR

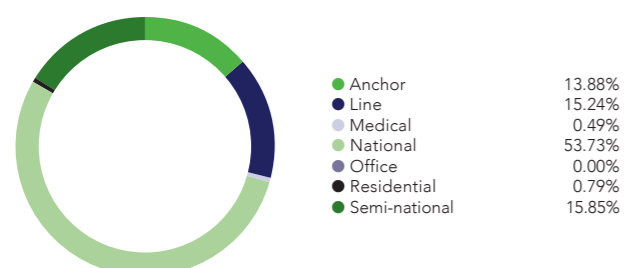


# Commentary continued

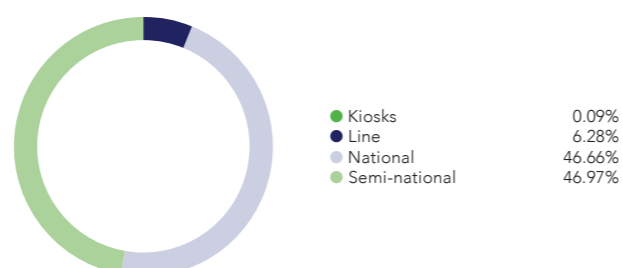
## Lease expiry by revenue

	2024 %	2025 %	2026 %	2027 %	Post-2027 %
Light industrial	63	28	9	–	–
Rural	29	39	13	13	6
Metropolitan – residential	97	3	1	1	–
Metropolitan – retail	55	16	15	14	–
Metropolitan – mixed use	81	8	11	–	–
International – retail – €	2	14	7	76	1

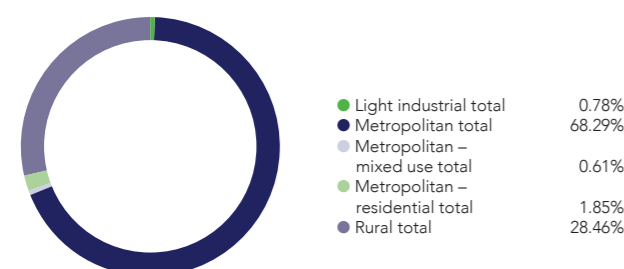
### PROFILE BY REVENUE SOUTH AFRICA



### PROFILE BY REVENUE INTERNATIONAL



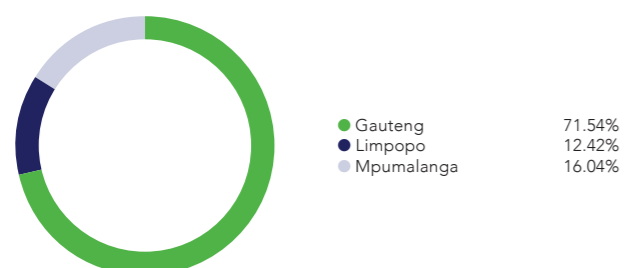
### SECTOR BY REVENUE SOUTH AFRICA



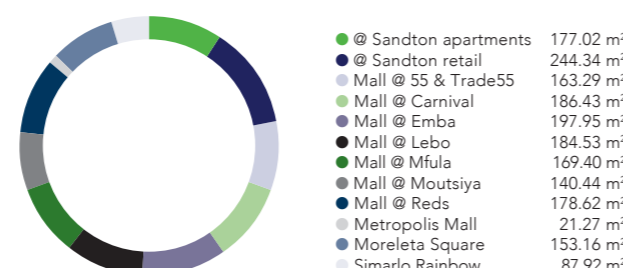
### SECTOR BY REVENUE INTERNATIONAL



### GEOGRAPHICAL BY REVENUE



### NET RENTAL



## Collections and receivables

The group made significant inroads into collecting long outstanding tenant arrears attributable to the Covid-19 pandemic.

12 months to 28 February 2023	South African Portfolio		International
	Retail %	Residential %	Metropolis Mall %
Collection % of rent, utilities and other recoveries billed	104	96	102

## Vacancies

Strategic vacancies are maintained to accommodate potential tenant relocations and support lease optimisation. Vacancies in the South African retail portfolio remained consistent from the prior year at 6%. Occupancy of the residential apartments improved to 55% at year-end after all 509 apartments had become available in December 2022.

The Metropolis Mall is currently 8% vacant, an improvement from the 13% reported at February 2022. Negotiations with international retailers have concluded, ensuring that a significant portion of the vacant area will be filled by year-end.

## Revenue from hospitality operations

Revenue generated during the year includes the @Sandton Hotel hospitality operations which generated revenue of R79 million from room rentals, food and beverage and associated retail sales. The hotel opened in stages, commencing in March 2022. The last of the 531 rooms were completed and handed over in December 2022. Occupancy averaged 37% since all rooms became available.

## Finance costs

Finance costs increased from the prior year as a result of an increase in the quantum of interest-bearing debt from R1 079 million to R1 142 million and the impact of the current rising interest rate environment.

## Going concern and liquidity

The group currently has secured loan facilities totalling R1.3 billion of which 88% have been utilised. At year-end the loan-to-value ratio, calculated in accordance with SA REIT best practice recommendations, increased slightly to 13% (2022: 12%).

The use of net current assets, a proportion of which is interest free, to fund developments is group practice where possible and has been used consistently in all years 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.

# Corporate information

## Registered office

AcSION Limited  
Mall @ Reds  
1st Floor  
Corner Rooihuiskraal and Hendrik Verwoerd drives  
Rooihuiskraal Ext 15  
Centurion  
0157

## Transfer secretaries

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue  
Rosebank, 2196

## Sponsor

Merchantec Capital  
13th Floor, Illovo Point, 68 Melville Road  
Illovo, Sandton, 2196  
Telephone: 011 325 6363

## Auditor

PKF Octagon Inc  
21 Scott Street  
Waverley, Johannesburg, 2090

## Corporate adviser

Merchantec Capital  
13th Floor, Illovo Point, 68 Melville Road  
Illovo, Sandton, 2196  
Telephone: 011 325 6363

## Country of incorporation and domicile

South Africa

## Nature of business and principal activities

Property holding and development

## Directors

K Anastasiadis  
D Sekete  
C Jansen van Rensburg  
M Kok  
H Zarca (Chairperson)  
(Appointed 1 July 2023)  
L Osrin-Karp  
(Appointed 1 July 2023)

