



Reviewed condensed consolidated

# Financial Results

for the year ended  
29 February 2024

# Financial highlights

Revenue (R'000)

△ 21%

to R1 433 337 (2023: R1 185 404)

Earnings per share

△ 17%

to 270 cents (2023: 231 cents)

Headline earnings per share

▽ -18%

to 98 cents (2023: 120 cents)

Net asset value per share

△ 11%

to 2 662 cents (2023: 2 391 cents)

Loan-to-value

10%

Interest cover ratio

10x

New developments

South Africa: 2

International: 1

Total gross lettable area

377 467m<sup>2</sup>

South African retail

258 683m<sup>2</sup>

South African mixed-use

71 038m<sup>2</sup>

International retail

41 754m<sup>2</sup>

South African light industrial

5 992m<sup>2</sup>

# Commentary

## Profile

Acsion is a property manager and real estate developer that has been listed on the Johannesburg Stock Exchange since 2014. Acsion differentiates itself from Real Estate Investment Trusts ("REITs") in the property sector as it focusses on the delivery of superior growth in its net asset value ("NAV").

The majority of the group's property portfolio is centred in Gauteng, Limpopo and Mpumalanga. The group has one retail property situated in Cyprus (Metropolis Mall). Over the last few years, the group diversified its property portfolio and operations by expanding into the hospitality and tourism sector. Acsiopolis@Sandton was the first venture and we are pleased to report that this venture is performing satisfactorily in light of the economic challenges facing South Africa. The group's strategy remains focussed on portfolio diversification in order to optimise gearing and return on investment. This strategy addresses portfolio concentration risk and strives to create future sustainability for the group.

## New developments

The group acquired further properties to pursue its diversification strategy, namely:

Acsiopolis Cape Town, erf 173153, Cape Town City Centre, Western Cape	Mixed-use	505 hotel rooms, 270 residential apartments, 4 000m <sup>2</sup> retail
Brasserie Farm, R45 Main Road, Franschhoek, Western Cape	Hospitality	69 hotel rooms
Acsiopolis Thessaloniki, unoccupied factory of 45 300m <sup>2</sup> , Pilea, Greece	Retail	43 000m <sup>2</sup> shopping centre

There were no disposals of investment property during the reporting period.

A continued area of focus is investment in renewable sources of energy to mitigate energy shortages and allow for operational cost efficiencies. The planned investment to increase our current generation capacity from 11mWp to 20mWp over the next 12 months supported by 20mWh battery storage is progressing within budget and the project completion timeline of 28 February 2025. The group continues to investigate water saving initiatives similar to its waste water recovery plant at the Acsiopolis@Sandton.

## Financial results

The group is pleased to report that it continues to improve its NAV, as shown below:

**NAV as at 29 February 2024:** 2 662 cents

**NAV as at 28 February 2023:** 2 391 cents

Acsion's local property asset portfolio, including the owner occupied hotel disclosed as property, plant and equipment, is valued at R8.857 billion as at 29 February 2024 (2023: R8.471 billion). The offshore real estate investments are valued at R4.257 billion (2023: R3.299 billion) representing 32% (2023: 28%) of the group's total property asset platform. Future development, as referred above, is expected to increase total assets by R5 billion over the medium term.

## Growth in rental and recovery income

The 16% growth in property revenue from 2023 is the consequence of the completed Acsiopolis@Sandton mixed-use property being fully operational, the continued out-performance of Metropolis Mall in Cyprus, together with the weaker Rand against the Euro and the opening of the second phase Mall@55, which added 11 000m<sup>2</sup> to the retail portfolio.

Property revenue generated by Acsiopolis@Sandton increased 203% to R65.746 million (2023: R21.683 million).

28% (2023: 28%) of the property revenue was generated internationally.

# Commentary continued

## Hospitality income

The @Sandton Hotel, located within Acsiopolis@Sandton, is fully operational with all rooms being available after a staged opening in FY2023.

Hospitality revenue increased 92% to R152 million (2023: R79.2 million).

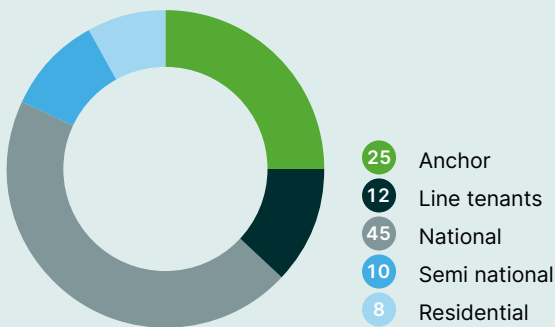
The increase in domestic business and leisure travel boosted the hospitality operations and the uptick in the banqueting and conference facility demand is illustrative of the return of corporate activities to the Sandton node, particularly by multinational corporations.

Hospitality operations contributed 11% to the total revenue generated by the group (2023: 7%).

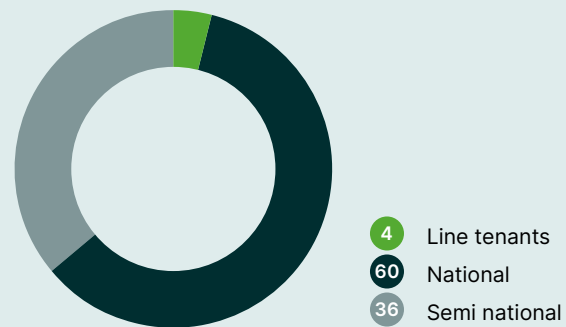
We are pleased to report a continued increased in the number of room nights sold, with total occupancy averaging 33%.

The continued increase in occupancies has also contributed to the 68% increase in operating costs. Mindful management of expenses was exercised ensuring that operating expenses are well maintained while ensuring that there is sufficient resources to continue the drive for increased occupancy without compromising on quality.

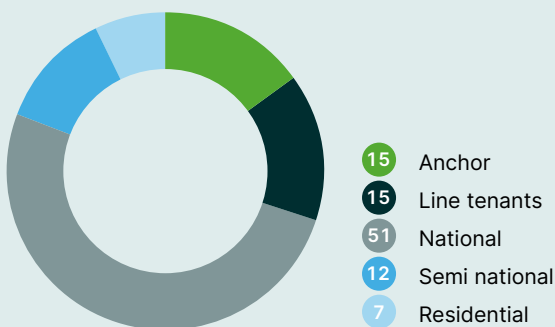
Tenant profile by area — South Africa (%)



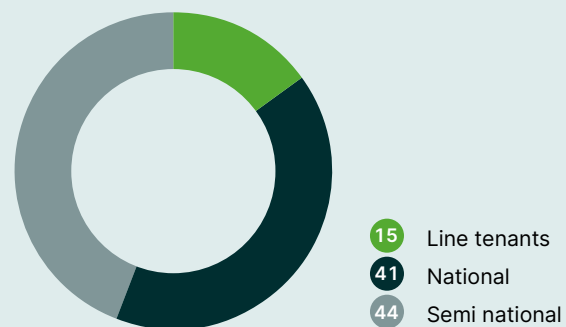
Tenant profile by area — International (%)



Tenant profile by revenue — South Africa (%)



Tenant profile by revenue — International (%)



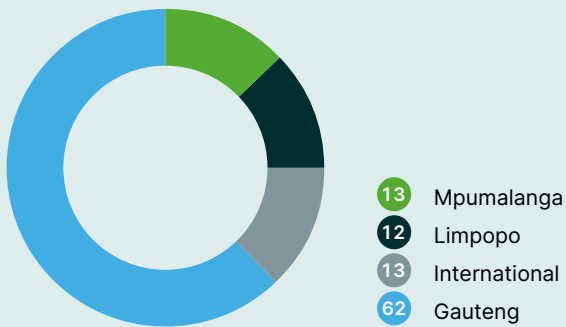
## Lease expiry information

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

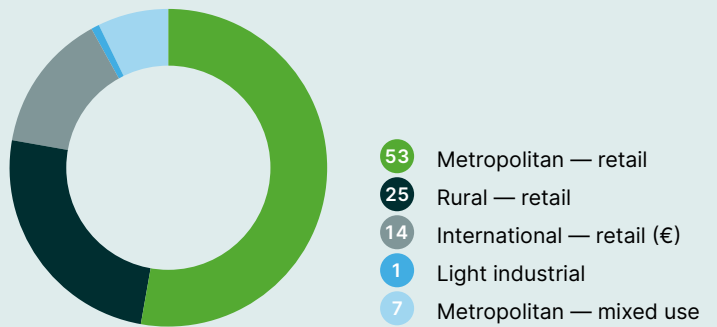
Property	2025 (%)	2026 (%)	2027 (%)	2028 (%)	Post 2028 (%)
Metropolitan — retail	31	19	25	11	14
Rural — retail	47	12	19	13	9
International — retail — €	1	14	54	10	21
Light industrial	30	19	51	0	0
Metropolitan — mixed use	78	9	0	8	5

# Commentary continued

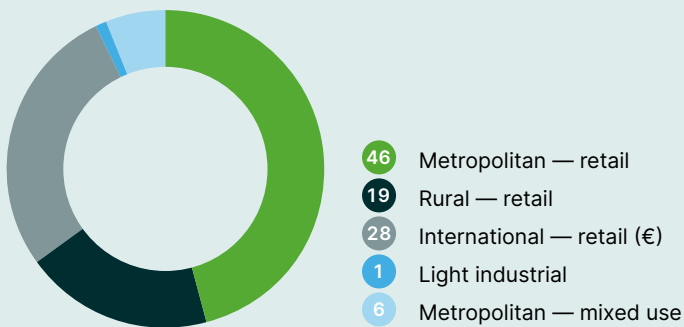
Occupied GLA — Geographical (%)



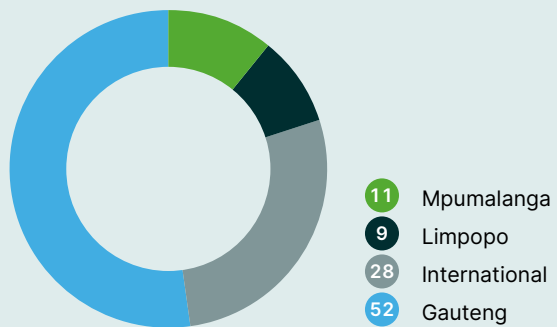
Occupied GLA — Sector (%)



Sector profile by revenue (%)



Geographical profile by revenue (%)



## Escalation specific information

Based on existing leases:

Property	Occupied GLA (%)	Occupied GLA (m <sup>2</sup> )	Weighted average gross rental per sqm (weighting on occupied)	Weighted average rental escalation by rentable area per sector (%)
Metropolitan — retail	52	161 682	R234.87	3.18
Rural — retail	25	76 015	R208.95	3.84
International — retail — €	14	41 701	€23.97	3.04
Light industrial	2	4 886	R112.07	5.47
Metropolitan — mixed use	8	22 239	R220.80	2.33

## Vacancies

	Vacancies (%)
South African retail	8
South African light industrial	4
South African mixed use	49
International retail	1

## **Lease renewals**

Acsion's current South African retail 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 2.33 years (2023: 2.63). The WALE of the international portfolio is 6.33 (2023: 7.19).

The difference in WALE between the SA retail portfolio and the international portfolio is evidence of the South African economy currently struggling with tenants reluctant to commit to longer lease terms until consumer spending has improved.

During the year leases in respect of 61 180m<sup>2</sup> of GLA expired. 69% of these leases have been renewed at an average escalation of 5.83%. It is expected that most of the balance of the leases will be renewed in due course. In addition to the lease renewals, the group entered into new leases filling vacant spaces of 12 563m<sup>2</sup>.

## **Going concern and liquidity**

The directors have assessed the group's ability to continue as a going concern. The assessment includes solvency and liquidity tests which included, inter alia, a forecast of debt covenants such as the loan-to-value (LTV) ratio and interest cover ratio (ICR). As at 29 February 2024, the group had a positive NAV and its LTV improved to 10% (2023: 13%).

While the group's current liabilities exceed current assets because of maturing facilities at the reporting date, refinancing of the expiring facilities has been credit approved by the existing lenders at more favourable terms. At the reporting date, the group had R11.8 billion of unencumbered property which can be utilised to obtain secured property finance or to refinance the term loan expiring in February 2025.

The group has a stable liquidity position with unutilised committed access facilities and cash on hand of R777 million (2023: R389 million). The liquidity test considers expected cash flows in the next 12 months, including operational cash flows, anticipated funding and development activities for the next 12 months. The group will continue to prioritise increasing free cashflows and disciplined capital allocation to maximise shareholder value.

Debt covenants are monitored and have not been breached during the year under review.

The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient liquidity to meet its foreseeable cash requirements.

The group will continue to prioritise increasing free cashflows and disciplined capital allocation to maximise shareholder value.

# Condensed statement of financial position

as at 29 February 2024

R'000	Notes	Group	
		2024	2023
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	2	12 487 222	11 083 750
Operating lease asset	2	192 776	167 984
Property, plant and equipment	3	813 787	932 060
Goodwill	4	625 464	625 464
Intangible assets		165	165
Other financial assets		6 290	527
Deferred tax assets		46 016	37 465
		<b>14 171 720</b>	<b>12 847 415</b>
<b>Current assets</b>			
Inventories	5	55 414	46 072
Current tax asset		12 299	21 039
Trade and other receivables		40 848	30 133
Other financial assets		—	190 504
Cash and cash equivalents		520 171	231 976
		<b>628 732</b>	<b>519 724</b>
<b>Total assets</b>		<b>14 800 452</b>	<b>13 367 139</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the company</b>			
Stated capital	6	3 933 745	3 934 103
Reserves		409 866	274 367
Retained earnings		5 903 220	4 995 583
Shareholders' equity		<b>10 246 831</b>	<b>9 204 053</b>
Non-controlling interests		233 638	184 575
<b>Total equity</b>		<b>10 480 469</b>	<b>9 388 628</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		2 080 388	1 785 237
Lease liabilities	7	793 291	700 409
Borrowings	8	336 380	1 136 893
Trade and other payables		14 003	13 166
		<b>3 224 062</b>	<b>3 635 705</b>
<b>Current liabilities</b>			
Lease liabilities	7	—	5 342
Borrowings	8	706 422	5 404
Loans from shareholders		4 674	4 426
Provisions		10 002	10 145
Current tax liability		11 220	9 780
Trade and other payables		363 603	307 709
		<b>1 095 921</b>	<b>342 806</b>
<b>Total liabilities</b>		<b>4 319 983</b>	<b>3 978 511</b>
<b>Total equity and liabilities</b>		<b>14 800 452</b>	<b>13 367 139</b>

# Condensed statement of profit or loss and other comprehensive income

for the year ended 29 February 2024

R'000	Notes	Group	
		2024	2023
<b>Operating revenues</b>			
Contractual rental revenue and recoveries		1 260 955	1 081 798
Straight-lining of rental revenue adjustment		20 094	24 131
Revenue from direct property operations		1 281 049	1 105 929
Revenue from hospitality operations		152 017	79 227
Management fee income		271	248
<b>Revenue</b>	13	<b>1 433 337</b>	1 185 404
Other income	14	73 726	12 435
Fair value adjustments		751 870	491 622
Impairment losses on trade receivables		(24 708)	(23 939)
Operating expenses	15	(713 930)	(478 992)
<b>Operating profit</b>		<b>1 520 295</b>	1 186 530
Finance costs		(129 160)	(95 307)
Foreign exchange gains		41 418	9 770
Investment income		14 689	4 940
<b>Profit before tax</b>		<b>1 447 242</b>	1 105 933
Tax		(377 252)	(199 144)
<b>Profit for the year</b>		<b>1 069 990</b>	906 789
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Foreign exchange translation gains on foreign operations		154 638	260 168
<b>Total comprehensive profit for the year</b>		<b>1 224 628</b>	1 166 957
<b>Profit attribution:</b>			
Shareholders of the company		1 040 066	888 888
Non-controlling interests		29 924	17 901
<b>Comprehensive profit attribution:</b>			
Shareholders of the company		1 175 565	1 136 128
Non-controlling interests		49 063	30 829
<b>Earnings per share</b>			
Basic earnings per share (cents)	9	270.16	230.87
Diluted earnings per share (cents)	9	270.16	230.87

# Condensed statement of changes in equity

for the year ended 29 February 2024

R'000	Stated capital	Treasury shares	Total stated capital	Retained earnings	Foreign currency translation reserve*	Total equity attributable to ordinary shareholders	Non-controlling interest	Total equity
<b>Group</b>								
<b>Balance at 28 February 2022</b>	3 979 956	(45 732)	3 934 224	4 245 301	27 127	8 206 652	153 746	8 360 398
<b>Total comprehensive income for the year</b>	—	—	—	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>	3 979 956	(45 853)	3 934 103	4 995 583	274 367	9 204 053	184 575	9 388 628
<b>Total comprehensive income for the year</b>	—	—	—	1 040 066	135 499	1 175 565	49 063	1 224 628
Profit for the year	—	—	—	1 040 066	—	1 040 066	29 924	1 069 990
Other comprehensive income	—	—	—	—	135 499	135 499	19 139	154 638
Dividends declared	—	—	—	(132 429)	—	(132 429)	—	(132 429)
Treasury shares acquired	—	(358)	(358)	—	—	(358)	—	(358)
<b>Balance at 29 February 2024</b>	<b>3 979 956</b>	<b>(46 211)</b>	<b>3 933 745</b>	<b>5 903 220</b>	<b>409 866</b>	<b>10 246 831</b>	<b>233 638</b>	<b>10 480 469</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 29 February 2024

R'000	Notes	Group	
		2024	2023
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	<b>875 651</b>	754 123
Investment income received		<b>13 949</b>	4 940
Finance costs		<b>(103 630)</b>	(78 288)
Tax paid		<b>(84 847)</b>	(86 420)
<b>Net cash from operating activities</b>		<b>701 123</b>	594 355
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(46 446)</b>	(241 529)
Additions to investments in subsidiaries	16	<b>(34 934)</b>	—
Investment property development cost	2	<b>(132 586)</b>	(137 895)
Proceeds of insurance claim		<b>26 087</b>	—
Proceeds on divestment of other financial assets		—	422
Additions to other financial assets		<b>(5 519)</b>	(197 436)
<b>Net cash used in investing activities</b>		<b>(193 398)</b>	(576 438)
<b>Cash flows from financing activities</b>			
Treasury shares purchased	6	<b>(358)</b>	(121)
Borrowings raised	8	<b>456 454</b>	553 700
Borrowings repaid	8	<b>(557 477)</b>	(496 524)
Lease liability finance costs repaid	7	—	(9 136)
Dividends paid	10	<b>(132 429)</b>	(138 606)
<b>Net cash used in financing activities</b>		<b>(233 810)</b>	(90 687)
<b>Net changes in cash and cash equivalents</b>		<b>273 915</b>	(72 770)
Cash and cash equivalents at the beginning of the year		<b>231 976</b>	286 388
Effect of exchange rates on foreign cash balances		<b>14 280</b>	18 358
<b>Cash and cash equivalents at the end of the year</b>		<b>520 171</b>	231 976

# Notes to the financial statements

for the year ended 29 February 2024

## 1. Basis of preparation and accounting policies

The condensed consolidated financial statements ("financial results") for the year ended 29 February 2024 have been prepared in accordance with the framework concepts, measurement and recognition requirements of IFRS Accounting Standards ("Accounting Standards"), the SA financial reporting requirements, the Listings Requirements of the JSE Limited, and the requirements of the Companies Act of South Africa, 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 Accounting Standards and are consistent with those applied in the condensed consolidated financial statements for the year ended 28 February 2023. 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 2023.

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

The condensed consolidated 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 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, BDO South Africa Inc. The external auditor's review 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 27. 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.

### 1.1 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are reflected below:

- Investment properties and owner occupied hotel
- Goodwill
- Business combinations
- Expected credit losses

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 2. Investment property

Investment property consists of developed properties and properties under development.

Investment properties are fair valued annually. Significant properties are valued externally on an annual basis and all other 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 investment properties under development that were acquired during the year are measured at the cost price which the directors consider to be the fair value at the time.

The effective date of the valuations was 29 February 2024 (2023: 28 February 2023). 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 (2023: None).

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 related to the group:

Name	Qualification
Ms N Azeredo — Quadrant Properties (Pty) Ltd	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
Mr N Booysen — Metro Urban Valuers (Pty) Ltd	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 6299/6 Associate of the Royal Institute of Chartered Surveyors
Mr H Timoetheou — Timoetheou Property Consultants LLC	Member of the Royal Institute of Chartered Surveyors and the Technical Chamber of Cyprus
Ms A De Wet — 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

R'000	Group	
	2024	2023
Investment property at fair value	<b>12 487 222</b>	11 083 750
Operating lease asset	<b>192 776</b>	167 984
	<b>12 679 998</b>	11 251 734

R'000	Group	
	2024	2023
<b>Net carrying value</b>		
Acquisition cost	<b>3 814 099</b>	3 464 532
Capital cost since acquisition	<b>2 759 903</b>	2 667 661
Right of use asset	<b>767 869</b>	687 619
Cumulative fair value adjustments	<b>5 700 672</b>	4 819 259
Transfer to owner occupied property, plant and equipment	<b>(555 321)</b>	(555 321)
<b>Balance at the end of the year</b>	<b>12 487 222</b>	11 083 750

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 2. Investment property continued

### Summary of property descriptions

R'000	Gross lettable area (m <sup>2</sup> )	2024	2023
<b>Completed developments</b>			
<i>Light industrial centres (South Africa)</i>			
Simarlot Rainbow Sectional titles 352/99, 497/99 and 752/28 constituting 27 units on 6.9 hectares	5 992	61 636 <sup>4</sup>	47 358 <sup>1</sup>
<b>South African retail</b>			
<i>Metropolitan retail (South Africa)</i>			
Moreleta Square Erf 6301, 6302 of Farm Garsfontein 374 Moreleta Park Ext. 32 Pretoria	8 548	182 431 <sup>4</sup>	168 979 <sup>1</sup>
Mall @ Reds Erf 1089 Rooihuiskraal Extension 15 Centurion Gauteng	55 155	1 363 614 <sup>2</sup>	1 506 072 <sup>1</sup>
Mall @ Carnival Erf 3080 Dalpark Extension 5 Brakpan Gauteng	88 492	2 673 807 <sup>1</sup>	2 599 819 <sup>5</sup>
Mall & Trade @ 55 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	25 643	617 899 <sup>4</sup>	498 493 <sup>1</sup>
	177 838	4 837 751	4 773 363
<i>Rural retail (South Africa)</i>			
Mall @ Emba Erf 2, 3 and 7 Embalenhle 7 and Erf 27777 Embalenhle Extension 13 Secunda	24 606	803 468 <sup>4</sup>	700 403 <sup>4</sup>
Mall @ Lebo Erf 31, 32 and 33 Lebowakgomo-BA-Township Thabamooop Limpopo district	23 549	682 596 <sup>4</sup>	611 545 <sup>5</sup>
Mall @ Mfula Portion 126 of Farm 149 and Erf 2686 of Piet Retief Mpumalanga	17 987	371 360 <sup>4</sup>	365 506 <sup>5</sup>
Mall @ Moutsiya Portion 6 of the Farm Walkraal Sekhukhune district Limpopo	14 703	304 414 <sup>4</sup>	266 173 <sup>4</sup>
	80 845	2 161 838	1 943 627
<b>Mixed use residential apartments and retail units</b>			
Acsiopolis@Sandton Portion 1 of Erf 266 Benmore Gardens 5 Benmore Road Sandton	71 038	1 017 024 <sup>1</sup>	1 020 327 <sup>6</sup>
<b>Metropolitan retail (international)</b>			
Metropolis Mall 99 year land lease from Cypriot Orthodox Church and mall development	41 754	4 044 404 <sup>3</sup>	3 299 075 <sup>3</sup>
	377 467	12 122 653	11 083 750
<b>Under development</b>			
Acsiopolis Thessaloniki, Pilea Greece (ha)	12.6	212 110	—
Acsiopolis Cape Town, Erf173153, Cape Town City Centre, Western Cape	3 073	95 796	—
Brasserie Farm, R45 Main Road, Franschhoek, Western Cape (ha)	5.65	56 663	—
		364 569	—

#### Valuation techniques

- \* 1. Ms N Azeredo's valuation using the discounted cash flow methodology.
- \* 2. Mr N Booysen's valuation using the discounted cash flow methodology.
- \* 3. Mr H Timotheou's valuation using the discounted cash flow and comparable methodologies.
- \* 4. Directors' valuation using the discounted cash flow methodology.
- \* 5. Mrs A de Wet's valuation using the opportunity cash flow method. This is a combination of capitalisation and discounted cash flow.
- \* 6. Mrs A de Wet's valuation using the residual valuation method for the residential apartments — and opportunity cash flow for the retail component.

#### Change in valuation technique

The methodology to value Acsiopolis@Sandton residential apartments was changed from residual sales to the discounted cash flow valuation method. The discounted cash flow methodology is considered to be less speculative and reflects the group's intention over the long term to realise the future benefits in the form of rental income instead of sales.

The group also considered it necessary to change the methodology to value the The Mall@Carnival, Mall@Lebo and the Mall@Mfula from the opportunity cash flow method used in the prior year to discounted cash flow method. Management considers the discounted cash flow methodology to be more appropriate to the current volatile market conditions and shorter term lease periods experienced in South Africa compared to internationally.

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 2. Investment property continued

R'000	COMPLETED DEVELOPMENTS					UNDER DEVELOPMENT				
	Light industrial 5 992m <sup>2</sup>	Metropolitan retail 177 838m <sup>2</sup>	Rural retail 80 845m <sup>2</sup>	Mixed use 71 038m <sup>2</sup>	International retail 41 754m <sup>2</sup>	Total 377 467m <sup>2</sup>	Mixed use: Western Cape	International mixed use: Acsiopolis Thessaloniki	Total	Total
<b>2024</b>										
<b>Net carrying value</b>										
Acquisition cost	32 112	2 700 657	689 233	42 530	—	3 464 532	147 182	202 385	349 567	3 814 099
Capital cost since acquisition	853	415 921	226 194	1 243 677	858 256	2 744 901	5 277	9 725	15 002	2 759 903
Right of use asset	—	—	—	—	767 869	767 869	—	—	—	767 869
Cumulative fair value adjustments	28 671	1 721 173	1 246 411	286 138	2 418 279	5 700 672	—	—	—	5 700 672
Transfer to property, plant and equipment	—	—	—	(555 321)	—	(555 321)	—	—	—	(555 321)
<b>Balance at the end of the year</b>	<b>61 636</b>	<b>4 837 751</b>	<b>2 161 838</b>	<b>1 017 024</b>	<b>4 044 404</b>	<b>12 122 653</b>	<b>152 459</b>	<b>212 110</b>	<b>364 569</b>	<b>12 487 222</b>
<b>Reconciliation of investment property</b>										
Investment property at the beginning of the year	47 358	4 773 363	1 943 627	1 020 327	3 299 075	11 083 750	—	—	—	11 083 750
Additions	—	19 738	746	2 559	3 049	26 092	152 459	212 110	364 569	390 661
Right of use asset movement	—	—	—	—	80 250	80 250	—	—	—	80 250
Foreign currency impact	—	—	—	—	180 691	180 691	—	—	—	180 691
Fair value adjustments	14 278	44 650	217 465	(5 862)	481 339	751 870	—	—	—	751 870
<b>Balance at the end of the year</b>	<b>61 636</b>	<b>4 837 751</b>	<b>2 161 838</b>	<b>1 017 024</b>	<b>4 044 404</b>	<b>12 122 653</b>	<b>152 459</b>	<b>212 110</b>	<b>364 569</b>	<b>12 487 222</b>
<b>2023</b>										
<b>Net carrying value</b>										
Acquisition cost	32 112	2 700 657	689 233	42 530	—	3 464 532	—	—	—	3 464 532
Capital cost since acquisition	853	396 183	225 448	1 241 118	804 059	2 667 661	—	—	—	2 667 661
Right of use asset	—	—	—	—	687 619	687 619	—	—	—	687 619
Cumulative fair value adjustments	14 393	1 676 523	1 028 946	292 000	1 807 397	4 819 259	—	—	—	4 819 259
Transfer to property, plant and equipment	—	—	—	(555 321)	—	(555 321)	—	—	—	(555 321)
<b>Balance at the end of the year</b>	<b>47 358</b>	<b>4 773 363</b>	<b>1 943 627</b>	<b>1 020 327</b>	<b>3 299 075</b>	<b>11 083 750</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11 083 750</b>
<b>Reconciliation of investment property</b>										
Investment property at the beginning of the year	46 213	4 618 985	1 851 430	892 445	2 542 446	9 951 519	—	—	—	9 951 519
Additions	—	90 399	6 288	35 716	6 181	138 584	—	—	—	138 584
Right of use asset movement	—	—	—	—	133 097	133 097	—	—	—	133 097
Foreign currency impact	—	—	—	—	368 928	368 928	—	—	—	368 928
Fair value adjustments	1 145	63 979	85 909	92 166	248 423	491 622	—	—	—	491 622
<b>Balance at the end of the year</b>	<b>47 358</b>	<b>4 773 363</b>	<b>1 943 627</b>	<b>1 020 327</b>	<b>3 299 075</b>	<b>11 083 750</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11 083 750</b>

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 2. Investment property continued

### Unobservable inputs used for valuations

%	Light industrial	Metropolitan retail	Rural retail	Mixed use	International retail
<b>2024</b>					
Vacancy percentage — retail	9.67	4.30 – 7.45	1.76 – 8.14	15.00 – 2.00 <sup>1</sup>	2.00
Discount rate	14.25	13.00 – 13.75	13.10	14.00	10.25
Exit capitalisation rate	10.15	7.75 – 10.00	9.25	9.25	7.00
Expense escalation rate	6.70	6.4 – 7.98	7.00	3.56	3.00
Revenue escalation rate	4.5 – 7.22	4.30 – 7.45	3.57 – 8.97	7.06	3.00
<b>2023</b>					
Vacancy percentage	15.65	0.96 – 7.93	0.00 – 5.00	—	2.00
Discount rate	15.25	12.50 – 15.25	12.50 – 13.30	13.00	10.25
Exit capitalisation rate	10.25	8.00 – 10.25	8.60 – 9.40	10.50	7.25
Expense escalation rate	7.19	7.00 – 9.06	7.00	7.00	3.00
Revenue escalation rate	6.79	7.50 – 8.84	4.70 – 8.00	7.00	3.00
Apartment selling price per m <sup>2</sup> (R)				37 500*	

\* Furnished apartments.

1. Retail vacancy rate used in year 1: 7% decreasing to 3% in year 2 and 2% from year 3 onwards.

Residential vacancy rate used in year 1: 15% decreasing to 10% in year 2, 7% in year 3 and 5% from year 4 onwards.

## 3. Property, plant and equipment

R'000	Owner occupied hotel	Plant and equipment	Furniture and fittings	Tenant installations	Investment property fixtures, plant and equipment	Total
<b>Group</b>						
<b>2024</b>						
Carrying value at the beginning of the year:						
Cost/revalued amount	719 498	163 766	173 044	259 968	88 278	1 404 554
Accumulated depreciation and impairment	(33 102)	(132 604)	(43 145)	(218 235)	(45 408)	(472 494)
	686 396	31 162	129 899	41 733	42 870	932 060
Additions	1 556	60 865	9 804	1 800	—	74 025
Impairment	(25 882)	—	—	—	—	(25 882)
Reclassification	—	27 679	(25 343)	117	(2 453)	—
Depreciation	(36 208)	(32 894)	(67 164)	(11 324)	(11 742)	(159 332)
Foreign currency impact	—	43	163	—	—	206
Disposals @ cost	(170)	(13 446)	(52 484)	(154)	—	(66 254)
Disposals' depreciation	170	11 382	47 263	149	—	58 964
Carrying value at the end of the year	625 862	84 791	42 138	32 321	28 675	813 787
Carrying value at year-end comprises:						
Cost/revalued amount	720 884	238 907	105 184	261 731	85 825	1 412 531
Accumulated depreciation and impairment	(95 022)	(154 116)	(63 046)	(229 410)	(57 150)	(598 744)
	625 862	84 791	42 138	32 321	28 675	813 787

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 3. Property, plant and equipment continued

R'000	Owner occupied hotel	Plant and equipment	Furniture and fittings	Tenant installations	Investment property fixtures, plant and equipment	Total
<b>2023</b>						
Carrying value at the beginning of the year:						
Cost/revalued amount	582 884	137 022	63 086	255 370	67 330	1 105 692
Accumulated depreciation	—	(110 013)	(20 859)	(205 255)	(32 810)	(368 937)
	582 884	27 009	42 227	50 115	34 520	736 755
Additions	79 163	28 851	108 257	4 598	20 660	241 529
Reversal of impairment	57 451	—	—	—	—	57 451
Reclassification	—	(1 613)	1 613	—	—	—
Depreciation	(33 102)	(22 787)	(22 286)	(12 980)	(12 598)	(103 753)
Foreign currency impact	—	(298)	88	—	288	78
Carrying value at the end of the year	686 396	31 162	129 899	41 733	42 870	932 060
Carrying value at year-end comprises:						
Cost/revalued amount	719 498	163 766	173 044	259 968	88 278	1 404 554
Accumulated depreciation	(33 102)	(132 604)	(43 145)	(218 235)	(45 408)	(472 494)
	686 396	31 162	129 899	41 733	42 870	932 060

R'000	Cost	Revaluation/impairment	Depreciation	Carrying amount
<b>Reconciliation of owner occupied hotel</b>				
At transfer date	555 321 *			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	79 163	57 451	(33 102)	686 396
2024	1 556	(25 882)	(36 208)	625 862
<b>Total</b>	<b>762 476</b>	<b>(67 304)</b>	<b>(69 310)</b>	<b>625 862</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.

\* This portion of the mixed-use property was transferred to property, plant and equipment at fair value on 30 November 2018.

### Valuation technique

The discounted cash flow method was used by Ms N Azeredo to value the owner occupied hotel. In the prior year, a residual valuation method was used by Mrs A de Wet, being the best use for this property at the time.

The effective date of the revaluation was 29 February 2024 (2023: 28 February 2023).

The owner occupied property is classified as level 3 on the fair value hierarchy as per IFRS 13. There were no transfers between levels 1, 2 and 3 during the year (2023: None).

### Change in valuation technique

The methodology to value the owner occupied hotel was changed from residual sales to the discounted cash flow valuation method. The discounted cash flow methodology is considered to be less speculative and reflects the group's intention over the long term to realise the future benefits by operating the hotel.

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 3. Property, plant and equipment continued

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

%	2024	2023
Revenue escalation rate	7.06	7.00
Exit capitalisation rate	9.25	10.50
Discount rate	14.00	13.00
Apartment selling price per m <sup>2</sup> (R)	N/A	37 500
Hotel vacancy rate	35.00	N/A
Retail vacancy rate	7.00 – 2.00 <sup>1</sup>	N/A

1. Retail vacancy rate used in year 1: 7% decreasing to 3% in year 2 and 2% from year 3 onwards.

## 4. Goodwill

R'000	Group	
	2024	2023
Carrying value of goodwill	625 464	625 464

Goodwill originated during the formation of the Acsion group and represents a premium paid to internalise the property management, asset management and property development functions within the group to secure shareholders' participation in the development profits arising from the 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.

Management considered the impact of impairment indicators such as rising interest rates and higher inflation on the value of goodwill at 29 February 2024 and did not consider it necessary to impair the goodwill.

Some of the parameters utilised in the impairment testing of goodwill include the following:

### Unobservable inputs used for valuation

	2024	2023
Contractual fee income rate	7.50%	7.50%
Pre-tax discount rate	17.70%	15.14%
Euro exchange rate in Rands to Euros	R20.84	R19.59
Exit capitalisation rate	9.81%	10.14%
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 29 February 2024 was approximately R12.8 million (2023: R10.191 million).

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 5. Inventories

R'000	Group	
	2024	2023
Hospitality stock	15 034	6 480
Residential units held by Bengavista Proprietary Limited	40 380	39 592
	<b>55 414</b>	46 072

Residential units comprise of high end units ranging from 350m<sup>2</sup> to 568m<sup>2</sup> under roof, located in Hyde Park Terrace, Sandton, approximately 500m away from Hyde Park shopping centre. The development consists of five completed houses (2023: five) and six vacant stands (2023: six). The increase in value of residential units is due to improvements made during the year that will result in future economic benefits when sold.

## 6. Stated capital

The group repurchased 58 407 (2023: 23 754) shares at an average price of R6.12 per share (2023: R5.11) during the year and currently holds 10 002 472 treasury shares (2023: 9 944 065). The decision to repurchase shares was made as the share price trades 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 29 February 2024.

## 7. Lease liability

The company leases land in Cyprus from the Orthodox Church of Cyprus. The lease is 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).

R'000	Group	
	2024	2023
<b>Reconciliation of lease liability</b>		
Balance at the beginning of the year	705 751	501 970
Variable lease payments adjustment *	36 529	133 097
Interest calculated at the average Euro to Rand exchange rate for the year	17 082	12 611
Repayments calculated at the average Euro to Rand exchange rate for the year	(11 122)	(9 136)
	<b>748 240</b>	638 542
Foreign currency impact during the year	45 051	67 209
	<b>793 291</b>	705 751
Amount repayable within 12 months reflected in current liabilities	—	(5 342)
Non-current liabilities	<b>793 291</b>	700 409
The right-of-use asset is accounted for as investment property (note 2).		
<b>Terms</b>		
Euro to Rand foreign exchange rate	<b>R20.84</b>	R19.59
Annual escalations	Cypriot inflation with: minimum = 1% maximum = 4%	
Periodic escalations in addition to annual escalations	2.6% of the land value 13 years after commencement on 01/01/2019 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

for the year ended 29 February 2024 continued

## 8. Borrowings

R'000	Group	
	2024	2023
<b>Held at amortised cost</b>		
<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 3-month JIBAR rate plus 2.02%. The loan is secured over the Mall@Carnival. (Refer to note 2).	<b>100 228</b>	201 223
R300 million term loan facility with Standard Bank repayable on 26 May 2024, bearing quarterly interest at the 3-month JIBAR rate 2.15%. The loan is secured over the Mall@Carnival (Refer note 2).	<b>300 086</b>	300 000
R300 million term loan facility with Standard Bank repayable on 24 February 2025, bearing quarterly interest at the 3-month JIBAR rate 1.96%. The loan is secured over the Mall@Carnival (Refer note 2).	<b>300 085</b>	300 000
R400 million term loan facility with Standard Bank repayable on 7 March 2025, bearing quarterly interest at the 3 month JIBAR rate plus 1.96%. The loan is secured over the Mall@Carnival (Refer note 2).	<b>342 403</b>	341 074
<b>Total</b>	<b>1 042 802</b>	1 142 297
<b>Split between non-current and current portions</b>		
Non-current liabilities	<b>336 380</b>	1 136 893
Current liabilities	<b>706 422</b>	5 404
<b>Borrowing agreements covenant triggers</b>		
Corporate loan to value covenant (%)	<b>45</b>	45
Corporate loan to value achieved (%)	<b>14</b>	16
Interest ratio cover goal	<b>2</b>	2
Interest ratio cover achieved	<b>10</b>	10
<b>Loan-to-value as per SA REIT</b>		
Interest bearing financial liabilities	<b>1 836 093</b>	1 848 048
Cash and cash equivalents	<b>(520 171)</b>	(231 976)
<b>Net debt</b>	<b>1 315 922</b>	1 616 072
Total assets per statement of financial position	<b>14 800 452</b>	13 367 139
Cash and cash equivalents	<b>(520 171)</b>	(231 976)
Goodwill and intangible assets	<b>(625 629)</b>	(625 629)
Inventory not related to property	<b>(15 034)</b>	(6 480)
Trade and other receivables	<b>(40 848)</b>	(30 133)
Property related assets	<b>13 598 770</b>	12 472 921
Loan-to-value ratio (%)	<b>10</b>	13

# Notes to the financial statements

for the year ended 29 February 2024 continued

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

R'000	Group	
	2024	2023
<b>Basic earnings and earnings per share</b>		
Basic earnings per share is determined by dividing profit or loss attributable to the ordinary shareholders 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 for the year	<b>1 069 990</b>	906 789
Adjusted for earnings attributable to non-controlling interests	<b>(29 924)</b>	(17 901)
<b>Basic earnings</b>	<b>1 040 066</b>	888 888
Weighted average number of shares in issue	<b>384 984</b>	385 023
Earnings per share in cents <sup>1</sup>	<b>270.16</b>	230.87
Diluted earnings per share in cents <sup>2</sup>	<b>270.16</b>	230.87
<b>Headline earnings and diluted 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.		
Headline earnings per share is calculated in accordance with Circular 1/2023.		
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	<b>1 040 066</b>	888 888
Gain recognised from bargain purchase	<b>(43 245)</b>	—
Fair value adjustments	<b>(751 870)</b>	(491 622)
Taxation attributable to fair value adjustments	<b>154 696</b>	102 358
Non-controlling interest relating to fair value adjustments	<b>15 279</b>	4 965
Impairment loss/(reversal of impairment loss) — owner occupied property	<b>(25 882)</b>	(57 451)
Taxation attributable to impairment loss — owner occupied property	<b>6 988</b>	16 086
Insurance proceeds for damaged investment property claim	<b>(26 087)</b>	—
Tax attributable to insurance proceeds — investment property	<b>5 635</b>	—
Headline earnings	<b>375 580</b>	463 224
Weighted average number of shares in issue	<b>384 984</b>	385 023
Headline earnings per share (cents)	<b>97.56</b>	120.31
Diluted headline earnings per share (cents) <sup>2</sup>	<b>97.56</b>	120.31

1. Earnings per share are from continuing operations. There are no discontinued operations.

2. 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.

## 10. Dividends paid per share

R'000	Group	
	2024	2023
Number of shares in issue <sup>1</sup>	<b>384 958</b>	385 016
Interim dividend declared	<b>63 134</b>	69 303
Final dividend paid in respect of prior financial year	<b>69 295</b>	69 303
Gross value of dividend in Rands declared and paid during the year	<b>132 429</b>	138 606
Gross dividend per share declared during the year	<b>33</b>	36
Net dividend per share after deducting 20% dividend tax	<b>27</b>	29

1. Number of shares net of treasury shares.

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 11. Net asset value

R'000	Group	
	2024	2023
NAV attributable to parent	<b>10 246 831</b>	9 204 053
Net deferred tax liability	<b>2 034 372</b>	1 747 772
	<b>12 281 203</b>	10 951 825
Number of shares in issue (excluding treasury)	<b>384 958</b>	385 016
NAV per share (cents) <sup>1</sup>	<b>2 662</b>	2 391
SA REIT NAV per share (cents) <sup>2</sup>	<b>3 012</b>	2 664

1. 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.

2. 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.

## 12. Related parties

The following significant related party transactions occurred during the year:

R'000	Group	
	2024	2023
<b>Purchases from related parties</b>		
K Anastasi Projects Proprietary Limited — Mall@55 *	<b>18 565</b>	66 074
K Anastasi Projects Proprietary Limited — Acsiopolis@Sandton	<b>671</b>	198 724
— Various small works	<b>1 553</b>	—
	<b>20 789</b>	264 798

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

\* Construction contract constituting a small related party transaction as released on SENS on 17 February 2023.

## 13. Revenue

R'000	Group	
	2024	2023
Contractual rental revenue and recoveries	<b>1 260 955</b>	1 081 798
Straight-lining of rental revenue adjustment	<b>20 094</b>	24 131
Revenue from direct property operations	<b>1 281 049</b>	1 105 929
Revenue from hospitality operations	<b>152 017</b>	79 227
— Food and beverage recognised at a point in time	<b>51 841</b>	27 772
— Rooms revenue recognised over time	<b>86 077</b>	41 084
— Conference revenue recognised over time	<b>14 099</b>	10 371
Management and lease fee income	<b>271</b>	248
	<b>1 433 337</b>	1 185 404

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 14. Other income

R'000	Group	
	2024	2023
Administration fees	187	223
Bad debts recovered	76	9 638
Sundry income	4 033	2 574
Insurance claims	26 185	—
Bargain purchase gain	43 245	—
	<b>73 726</b>	12 435

## 15. Operating expenses

The profit from operations is stated after taking into account the following expenses:

R'000	Group	
	2024	2023
Property taxes and utility expenses	269 347	244 466
Hotel operating expenses	61 530	55 015
Property operational expenses		
— Cleaning	19 283	15 114
— Security	19 759	17 582
— Repairs and maintenance	34 739	22 232
	<b>73 781</b>	54 928
Depreciation, amortisation and impairment		
— Depreciation	159 332	103 753
— Impairment/(reversal of impairment) of owner occupied property plant and equipment	25 882	(57 451)
	<b>185 214</b>	46 302
Short-term employee benefits		
— Salaries, wages, directors fees, bonuses and other benefits	74 260	46 119
— Study fees	914	330
	<b>75 174</b>	46 449

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 16. Acquisition of subsidiary (business combinations)

On 24 May 2023, Acsion acquired 100% of the share capital of Hey Joe Proprietary Limited, a company incorporated in South Africa, with hospitality operations and property assets located in Franschhoek, Western Cape. The property is earmarked for development during the 2025 financial year and accounted for as property under development in note 2.

Management determined that the acquired entity should be accounted for as a business in accordance with IFRS 3.

Details of the assets and liabilities acquired and the bargain purchase gain arising are as follows:

R'000	Group 2024
<b>Attributed fair value</b>	
Investment property	<b>54 600</b>
Plant and equipment	<b>23 407</b>
Deferred tax asset	<b>14 492</b>
Inventory	<b>1 126</b>
Trade and other receivables	<b>200</b>
Bank and cash	<b>66</b>
Deferred tax liability	<b>(14 742)</b>
Trade and other payables	<b>(904)</b>
Bargain purchase gain	<b>(43 245)</b>
<b>Total purchase consideration</b>	<b>35 000</b>
Equity	<b>190</b>
Intergroup shareholder loan account	<b>34 810</b>
Less: cash and cash equivalents of subsidiary acquired	<b>(66)</b>
<b>Net outflow of cash and cash equivalents on acquisition</b>	<b>34 934</b>

The bargain purchase gain resulted from the group acquiring the intergroup shareholder loan for significantly less than its value in the Hey Joe Proprietary Limited financial statements. Since acquisition, Hey Joe Proprietary Limited has contributed R4.48 million to group revenue and a loss of R1.592 million to group profit. If the acquisition had occurred on 1 March 2023, group revenue would have been R1.44 billion and group profit for the year would have been R1.067 billion.

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 17. Reconciliation of profit before tax to cash generated from operations

R'000	2024	2023
Profit before taxation	<b>1 447 242</b>	1 105 933
Adjustments for non-cash flow items:		
Bargain purchase gain	<b>(43 245)</b>	
Deferred lease income	<b>(6 628)</b>	(5 315)
Depreciation	<b>159 332</b>	103 753
Fair value changes to investment property	<b>(751 870)</b>	(491 622)
Foreign exchange gains	<b>(41 418)</b>	(9 770)
Impairment/(reversal of impairment) of owner-occupied property, plant and equipment	<b>25 882</b>	(57 451)
Profit on disposal of property, plant and equipment	<b>35</b>	—
Provision movement	<b>(143)</b>	2 613
Straight-lining of rental revenue adjustment	<b>(20 094)</b>	(24 131)
Adjustments for separately disclosed cash flow items:		
Finance costs	<b>129 160</b>	95 307
Insurance proceeds — investment property	<b>(26 087)</b>	—
Investment income	<b>(14 689)</b>	(4 940)
	<b>857 477</b>	714 377
Working capital changes:		
Cash utilised to build inventory levels	<b>(8 267)</b>	(6 480)
Cash utilised to fund increased trade and other receivables	<b>(12 812)</b>	—
Cash generated from reduced trade and other receivables	<b>—</b>	163
Cash generated by increasing trade and other payables	<b>39 253</b>	46 063
	<b>875 651</b>	754 123

## 18. Going concern

The reviewed financial statements have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis.

While the group's current liabilities exceed current assets because of maturing facilities at the reporting date, refinancing of the loans expiring in May has been credit approved by the existing lenders at more favourable terms. At the reporting date, the group had R11.8 billion of unencumbered property which can be utilised to obtain secured property finance or to refinance the term loan expiring in February 2025.

The directors have satisfied themselves that the group is in a sound financial position and that it will have 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. 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.

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 19. Events after the reporting period

### Dividend declared

On 11 July 2024, the board of directors declared a final cash gross dividend (No. 7) of 16 cents per ordinary share, payable out of income reserves to all shareholders of Acsion Limited.

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 R63 193 596 in aggregate.

The net dividend amount, excluding South African dividend tax of 20%, which equates to 3.2 cents, is 12.80 cents per share for those shareholders that are not exempt from dividend tax.

Acsion'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, 30 July 2024
Shares commence trading ex dividend	Wednesday, 31 July 2024
Record date	Friday, 2 August 2024
Payment date	Monday, 5 August 2024

Shares may not be rematerialised or dematerialised between Wednesday, 31 July 2024 and Friday, 2 August 2024, both days inclusive.

### Acquisition of minority shareholding

The group accepted an offer to acquire the outstanding 45% minority shareholding in Zarafusion Proprietary Limited, owner of Mall@Mfula on 21 May 2024 for R75 million.

## 20. Capital commitments

Approved material capital expenditure:

R'000	2024	2023
Approved commitments for maintenance	31 000	12 430
Approved commitments for solar expansion — South Africa	339 676	150 000
Approved commitments for solar expansion — International	41 676	—
Approved commitments for new developments — South Africa	100 000	176 475
Approved commitments for new developments — International	312 573	9 514
	<b>824 925</b>	348 419

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 21. Segmental analysis

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

- South African property operations;
- South African hospitality operations; and
- International 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@Sandton 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.

R'000	Group — 2024					Group — 2023				
	Foreign property operations	Local property operations	Local hotel and retail operations	Local combined operations	Total	Foreign property operations	Local property operations	Local hotel and retail operations	Local combined operations	Total
<b>Operating revenues</b>										
Contractual rental revenue and recoveries	358 155	1 004 991	—	1 004 991	1 363 146	247 674	834 124	—	834 124	1 081 798
Inter-segmental contractual rental revenue and recoveries	—	(102 191)	—	(102 191)	(102 191)	—	—	—	—	—
	<b>358 155</b>	<b>902 800</b>	<b>—</b>	<b>902 800</b>	<b>1 260 955</b>	247 674	834 124	—	834 124	1 081 798
Straight-lining of rental revenue adjustment	(166)	20 260	—	20 260	20 094	63 342	(39 211)	—	(39 211)	24 131
Revenue from direct property operations	<b>357 989</b>	<b>923 060</b>	<b>—</b>	<b>923 060</b>	<b>1 281 049</b>	311 016	794 913	—	794 913	1 105 929
Revenue from hospitality operations	—	—	152 017	152 017	152 017	—	—	79 227	79 227	79 227
— Food and beverage recognised at a point in time	—	—	51 841	51 841	51 841	—	—	27 772	27 772	27 772
— Rooms revenue recognised over time	—	—	86 077	86 077	86 077	—	—	41 084	41 084	41 084
— Conference revenue recognised over time	—	—	14 099	14 099	14 099	—	—	10 371	10 371	10 371
Management fee income	—	271	—	271	271	—	248	—	248	248
<b>Revenue</b>	<b>357 989</b>	<b>923 331</b>	<b>152 017</b>	<b>1 075 348</b>	<b>1 433 337</b>	311 016	795 161	79 227	874 388	1 185 404
Other income	1 020	71 840	866	72 706	73 726	1	12 434	—	12 434	12 435
Fair value adjustments	481 768	270 102	—	270 102	751 870	248 415	243 207	—	243 207	491 622
Impairment losses on trade receivables	—	(24 708)	—	(24 708)	(24 708)	(1 102)	(22 837)	—	(22 837)	(23 939)
Operating expenses	(84 253)	(469 885)	(159 792)	(629 677)	(713 930)	(75 245)	(308 445)	(95 302)	(403 747)	(478 992)
<b>Operating profit/(loss)</b>	<b>756 524</b>	<b>770 680</b>	<b>(6 909)</b>	<b>763 771</b>	<b>1 520 295</b>	483 085	719 520	(16 075)	703 445	1 186 530
<b>Other income and expenditure</b>										
Investment income	2 880	11 248	561	11 809	14 689	—	4 940	—	4 940	4 940
Finance costs	(34 336)	(94 758)	(66)	(94 824)	(129 160)	(12 611)	(82 696)	—	(82 696)	(95 307)
Foreign exchange gains/(losses)	18 599	22 819	—	22 819	41 418	36 209	(26 439)	—	(26 439)	9 770
<b>Profit before taxation</b>	<b>743 667</b>	<b>709 989</b>	<b>(6 414)</b>	<b>703 575</b>	<b>1 447 242</b>	506 683	615 325	(16 075)	599 250	1 105 933
Tax	(196 870)	(180 382)	—	(180 382)	(377 252)	(57 901)	(141 243)	—	(141 243)	(199 144)
<b>Profit for the year</b>	<b>546 797</b>	<b>529 607</b>	<b>(6 414)</b>	<b>523 193</b>	<b>1 069 990</b>	448 782	474 082	(16 075)	458 007	906 789

# Notes to the financial statements

for the year ended 29 February 2024 continued

## 21. Segmental analysis continued

R'000	Group — 2024					Group — 2023				
	Foreign property operations	Local property operations	Local hospitality operations	Local combined operations	Total	Foreign property operations	Local property operations	Local hospitality operations	Local combined operations	Total
<b>ASSETS</b>										
<b>Non-current assets</b>										
Investment property	4 256 514	8 230 708	—	8 230 708	12 487 222	3 299 075	7 784 674	—	7 784 674	11 083 749
Operating lease asset	78 434	114 342	—	114 342	192 776	73 903	94 081	—	94 081	167 984
Property, plant and equipment	5 409	122 498	685 880	808 378	813 787	4 303	235 162	692 595	927 757	932 060
Goodwill	—	625 464	—	625 464	625 464	—	625 464	—	625 464	625 464
Intangible assets	—	165	—	165	165	—	165	—	165	165
Other financial assets	5 865	425	—	425	6 290	332	195	—	195	527
Deferred tax assets	—	31 524	14 492	46 016	46 016	—	37 465	—	37 465	37 465
Inventories	—	40 380	15 034	55 414	55 414	—	39 687	6 385	46 072	46 072
Current tax asset	—	12 299	—	12 299	12 299	—	21 039	—	21 039	21 039
Group company loans	—	699 569	(699 569)	—	—	—	—	—	—	—
Trade and other receivables	1 386	32 064	7 398	39 462	40 848	2 409	26 304	1 420	27 724	30 133
Other financial assets	—	—	—	—	—	190 504	—	—	—	190 504
Cash and cash equivalents	16 336	499 178	4 657	503 835	520 171	50 333	178 759	2 884	181 643	231 976
	<b>4 363 944</b>	<b>10 408 616</b>	<b>27 892</b>	<b>10 436 508</b>	<b>14 800 452</b>	<b>3 620 859</b>	<b>9 042 995</b>	<b>703 284</b>	<b>9 746 279</b>	<b>13 367 138</b>
<b>Equity and liabilities</b>										
<b>Capital, reserves and non-controlling interests</b>										
	<b>2 496 014</b>	<b>7 974 794</b>	<b>9 661</b>	<b>7 984 455</b>	<b>10 480 469</b>	<b>1 807 974</b>	<b>7 564 570</b>	<b>16 075</b>	<b>7 580 645</b>	<b>9 388 619</b>
<b>Non-current liabilities</b>										
Deferred tax liabilities	539 746	1 535 326	5 316	1 540 642	2 080 388	353 535	1 431 702	—	1 431 702	1 785 237
Lease liabilities	793 291	—	—	—	793 291	700 409	—	—	—	700 409
Bank and other borrowings	—	336 380	—	336 380	336 380	—	1 136 893	—	1 136 893	1 136 893
Trade and other payables	14 003	—	—	—	14 003	13 166	—	—	—	13 166
<b>Current liabilities</b>										
Lease liabilities	—	—	—	—	—	5 342	—	—	—	5 342
Bank and other borrowings	—	706 422	—	706 422	706 422	—	5 404	—	5 404	5 404
Shareholder borrowings	4 168	506	—	506	4 674	1 960	2 466	—	2 466	4 426
Group company loans	338 713	(338 713)	—	(338 713)	—	590 552	(1 248 590)	658 038	(590 552)	—
Provisions	—	10 002	—	10 002	10 002	—	10 145	—	10 145	10 145
Taxation	3 307	7 913	—	7 913	11 220	1 643	8 137	—	8 137	9 780
Trade and other payables	174 702	175 986	12 915	188 901	363 603	146 278	132 268	29 171	161 439	307 717
<b>Total liabilities</b>										
	<b>4 363 944</b>	<b>10 408 616</b>	<b>27 892</b>	<b>10 436 508</b>	<b>14 800 452</b>	<b>3 620 859</b>	<b>9 042 995</b>	<b>703 284</b>	<b>9 746 279</b>	<b>13 367 138</b>
<b>Total equity and liabilities</b>										

# Independent Auditor's Review Report on Condensed Consolidated Financial Statements

To the shareholders of AcSION Limited

We have reviewed the condensed consolidated financial statements of AcSION Limited, contained in the accompanying report, which comprise the condensed consolidated statement of financial position as at 29 February 2024 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

## Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for condensed consolidated financial statements, as set out in note 1 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 financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board, Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee 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 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 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 financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of AcSION Limited for the year ended 29 February 2024 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.



**BDO South Africa Incorporated**

Registered Auditors

Sergio Vittone

Director

Registered Auditor

11 July 2024

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

# Corporate information

## Registered office

Acsion Limited  
Mall @ Reds  
1st Floor  
Corner Rooihuiskraal and Hendrik Verwoerd Drives  
Rooihuiskraal Ext 15  
Centurion, 0157

Registration number: 2014/182931/06

JSE share code: ACS

ISIN: ZAE000198289

Telephone: 012 656 8957

## Transfer secretaries

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

Telephone: 011 370 5000

## Sponsor

Merchantec Capital  
13th Floor, Illovo Point, 68 Melville Road  
Illovo, Sandton, 2196

Telephone: 011 325 6363

## Auditor

BDO South Africa Incorporated  
Wanderers Office Park, 52 Corlett Drive  
Illovo, Sandton, 2196

Telephone: 011 488 1700

## Company secretary

M Reynolds  
MWRK Accountants and Auditors Incorporated  
19 Edward Street  
Westdene  
Benoni, 1501

Telephone: 011 421 9284

## 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 (Executive director)

D Sekete (Non-executive director)

C Jansen van Rensburg (Executive director)

M Kok (Independent non-executive director)

H Zarca (Chairperson and independent non-executive director)

L Osrin-Karp (Independent non-executive director)