



WHO WE ARE

AcSION is a property manager, real estate developer and owner. AcSION is differentiated from Real Estate Investment Trusts (“REITs”) in the listed property sector as it focuses on the delivery of superior net asset value (“NAV”) growth. NAV growth drivers include enhancing existing properties, completing the identified development pipeline and obtaining additional future development opportunities.

WHAT WE DO

The investment portfolio consists of nine well-established, strategically located retail properties including two regional shopping centres. AcSION unlocks development profits and then generates annuity income and further capital growth for its shareholders through the active and continued management of its developed property portfolio generating rental income. AcSION leverages its stable income stream and strong balance sheet to obtain funding for pipeline developments with the potential to generate above-market returns.

OUR VALUES

Ethics is the cornerstone of the Company’s business and an unequivocal commitment to the **ethical values, fairness, transparency and integrity** underpins all facets of the Company’s operations.

OUR PRESENT DESTINATION



Acsiopolis (Sandton)



Metropolis Mall@Larnaca (Cyprus)

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NAVIGATIONAL
ICONS

 For further information visit our website: www.acsionsa.co.za

 For more information see pages of report

Stakeholder feedback
We welcome and appreciate any constructive input and feedback from stakeholders with regard to the content of this report.

- **Email:** info@acsionsa.co.za
- **Mail:** PO Box 569, Wierda Park 0149
- **Website:** www.acsionsa.co.za

ABOUT THIS REPORT

This is Acsion Limited’s fifth integrated report as a listed company. The report has been prepared to provide the reader with an overview of the business since the previous financial year. Acsion (“Acsion”, “the company”, “the Group”) is listed on the Johannesburg Stock Exchange (“JSE”) in the Real Estate Holdings and Development sector as a property development company. The share code is “ACS”.

This report will cover the period from 1 March 2018 to 28 February 2019 during which Acsion traded very successfully, despite tough economic conditions.

Scope and boundaries
This report provides the reader with an overview of the business since the previous financial year. The report is produced by Acsion Limited. All the properties are individually held in separate companies that are subsidiaries and are all managed internally by Southern Palace Investments 108 Proprietary Limited (T/A Anaprop Property Management), one of the subsidiaries of Acsion Limited.

Frameworks applied
This integrated report has been compiled in line with the guidelines, frameworks and regulations as detailed below:

- International Integrated Reporting Council’s (“IIRC”) Integrated Reporting Framework
- South African Companies Act 71 of 2008 (as amended)
- JSE Listings Requirements
- International Financial Reporting Standards (“IFRS”)
- The King IV Code of Corporate Governance for South Africa November 2016 (King IV)

Board responsibility and approval of the integrated report
The Board of directors acknowledges its responsibility to ensure the integrity of the integrated report as required by the International Integrated Reporting Council’s Integrated Reporting IIRC’S Framework.

The Board has accordingly applied its mind to the preparation and presentation of this report and believes that it is a balanced and fair representation of the performance of the Group.

Forward-looking statements
This report contains forward-looking statements. There are a number of risks, uncertainties and other factors that are associated with these forward-looking statements where actual results and developments could materially differ from those which are presented in this report.

We used words such as “believe”, “anticipate”, “intend”, “seek”, “endeavour”, “will”, “plan”, “project”, “could”, “may”, “estimate”, “expect”, “forecast”, “envision” and other similar expressions which are intended to identify these forward-looking statements, but are not an exclusive means for identifying such statements.

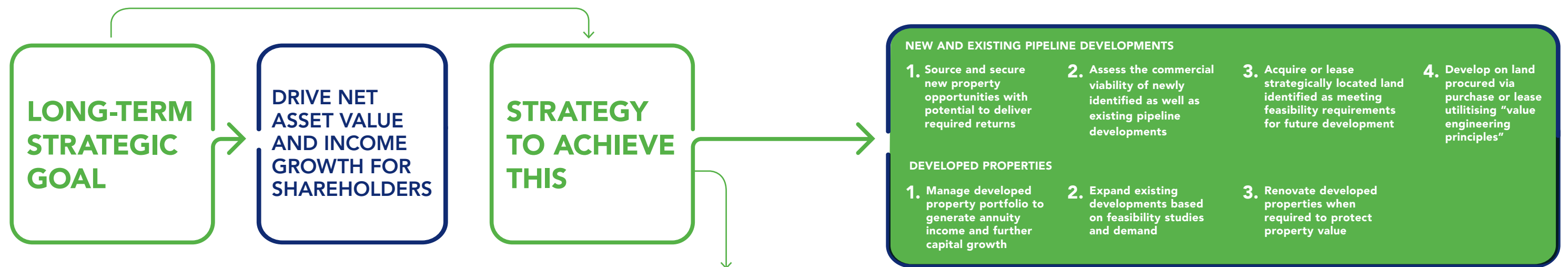
We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking information, whether as a result of new information, future events or otherwise. Investors and stakeholders are cautioned not to place undue reliance on the forward-looking statements contained herein, as they have not been reviewed or reported on by Acsion’s independent external auditors.

Materiality
The matters addressed in this report are considered by the Board and executive committee to be material in quantitative and qualitative terms. As the readers of this report are primarily investors and providers of capital, more focus has been placed on these items than some of the other capitals referred to in the Integrated Reporting Framework issued by the IIRC International Integrated Reporting Council in 2013.

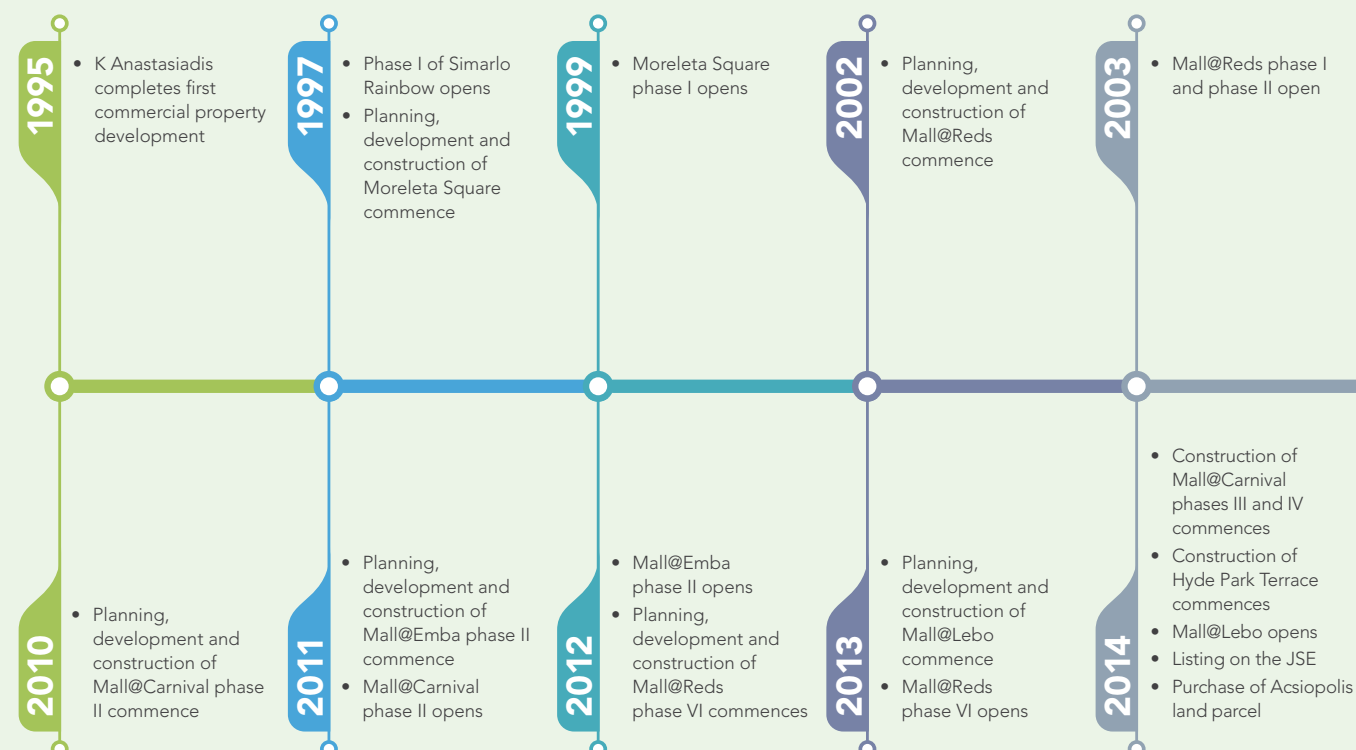


The name **Acsion** derives from the greek word “**axia**” which means “**value**”.

ACSION STRATEGY



KEY MILESTONES



THE FUTURE:

- Completion of Acsiopolis
- International expansion into Larnaca, Cyprus
- Expansions of existing malls based on feasibility studies
- Commercial viability assessment of development pipeline opportunities in Africa
- Sourcing and securing new development opportunities in Africa and Europe



OUR DEVELOPMENTS



MALL@CARNIVAL

**REGIONAL SHOPPING CENTRE
VALUED AT**

R2.793 billion

- Cnr Heidelberg and Airport Rd, Dalpark Ext 5, Brakpan
- Located on N17 opposite Carnival City
- Primary catchment area of approximately 100 000 households

- **Acquisition date:** May 2004
- **GLA of 90 547 m²**



MALL@REDS

**REGIONAL SHOPPING CENTRE
VALUED AT**

R1.285 billion

- Cnr Rooihuiskraal and Hendrik Verwoerd Drive, Rooihuiskraal Ext 15, Centurion
- Located in the heart of Rooihuiskraal, on a main arterial route
- Dense, fast-growing medium to high income residential area

- **Acquisition date:** March 2002
- **GLA of 54 788 m²**

Despite the 2019 financial year being challenging for retailers, faced with a weak economy, consumers under pressure and a volatile political landscape, we have managed to achieve satisfactory growth within our portfolio.



MALL@EMBA

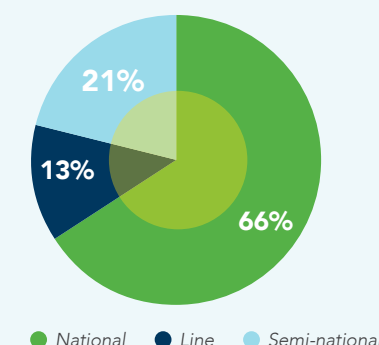
**COMMUNITY CENTRE
VALUED AT**

R572 million

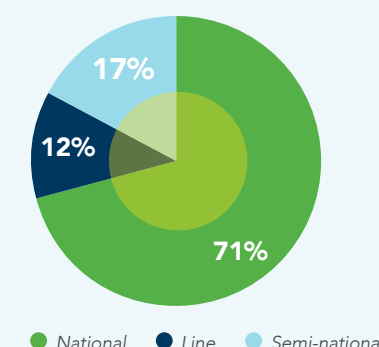
- Cnr eMbalenhle Ave and Old Provincial Rd, eMbalenhle, Mpumalanga
- Only formal retail offering in the area with approximately 300 000 residents
- Nearest formal retail in the Secunda CBD is approximately 15 km away

- **Acquisition date:** May 2007
- **GLA of 24 035 m²**

Tenant profile by revenue



Tenant profile by GLA



The tenant profile is separated into national, semi-national and line and other franchises to indicate the exposure Acision has to direct head office leases and individual franchises. The national and semi-national exposure is supported by robust leases and national tenant financial strength.

When classifying tenants into categories, the SAPOA guidelines are followed.

The line and other franchises are carefully vetted by Acision's leasing division to promote maximum dwelling time and footfall in the centre to ensure trading densities are sustainable over all tenants' lease terms.

OUR DEVELOPMENTS (continued)

We are focused on achieving our goals and targeted growth in 2020 and diversifying our portfolio further.



**SMALL REGIONAL CENTRE
VALUED AT**

R518 million

- Cnr R513 and R579, Lebowakgomo, Limpopo
- Only major formal retail offering within a 50 km radius catering for approximately 300 000 residents
- Strong underpin by national tenants

- **Acquisition date:** November 2013
- **GLA of 23 536 m²**

**COMMUNITY CENTRE
VALUED AT**

R308 million

- Cnr N2 and Brand Str, (R543), Piet Retief, Mpumalanga
- Strong presence of national tenants
- Taxi rank on premises

- **Acquisition date:** May 2013
- **GLA of 17 955 m²**

**CONVENIENCE CENTRE
VALUED AT**

R305 million

- Cnr R55 and Marais Rd, Monavoni, Gauteng
- Direct access off the R55
- Convenience retail offering seven major tenants, groceries, homeware and lifestyle, medical centre, gym and services

- **Acquisition date:** May 2012
- **GLA of 15 419 m²**

**COMMUNITY CENTRE
VALUED AT**

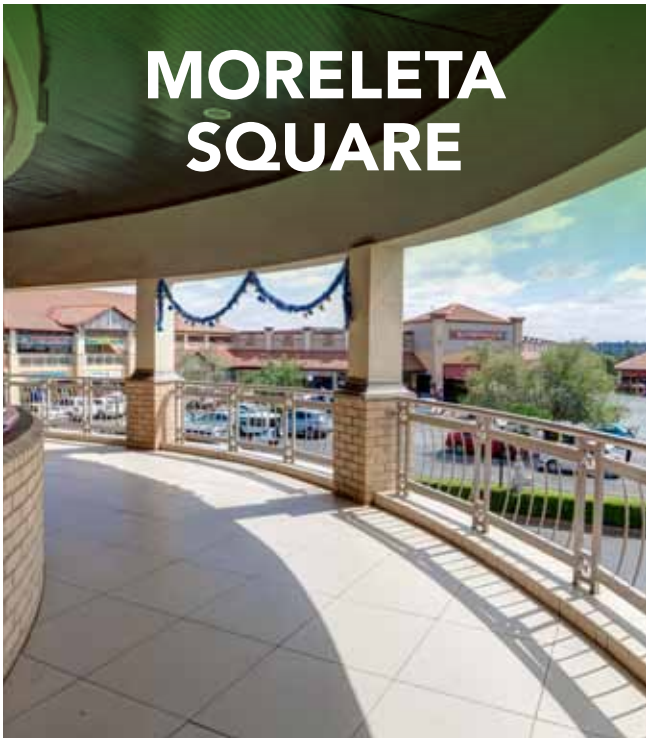
R232 million

- Cnr R568 (Zebediela Rd) and R573 (Moloto Rd), Walkraal, Limpopo
- Strong presence of national tenants
- Taxi rank on premises

- **Acquisition date:** November 2010
- **GLA of 14 715 m²**

OUR DEVELOPMENTS (continued)

Our development profile is progressing well and we are continuously assessing new development opportunities both locally and internationally with the potential to provide above-market returns.

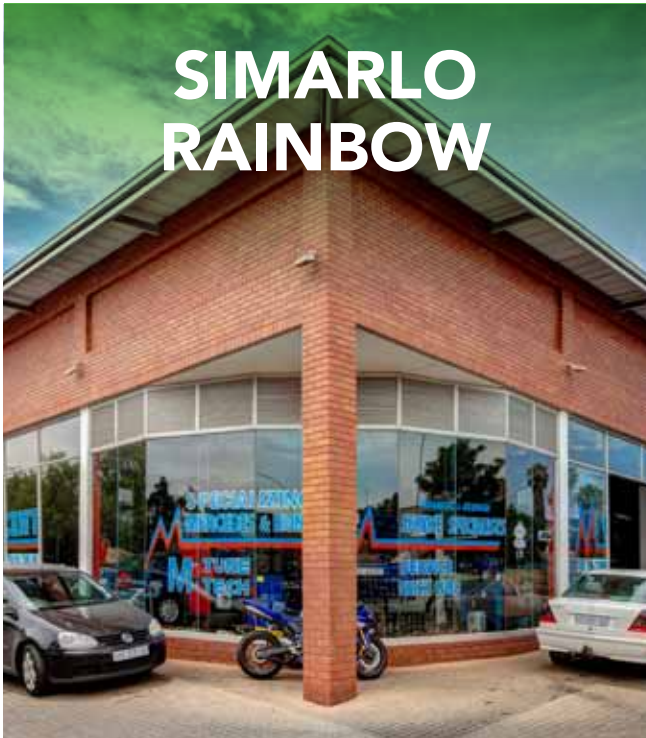


MORELETA SQUARE

NEIGHBOURHOOD CENTRE VALUED AT
R152 million

- Cnr Garsfontein and Rubenstein Str, Moreleta Park, Pretoria
- Well-established community shopping centre in the Moreleta Park node
- Long lease expiry underpinned by national tenants

- Acquisition date: October 1999
- GLA of 8 581 m²

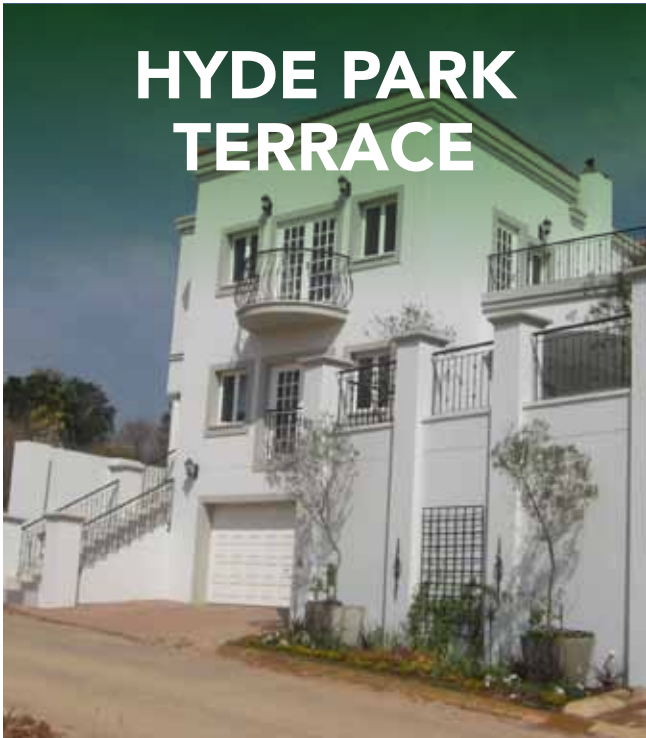


SIMARLO RAINBOW

LIGHT INDUSTRIAL/COMMERCIAL PROPERTY VALUED AT
R46 million

- Cnr 118 Jakaranda and Edward Str, Hennopspark, Centurion
- Close proximity to the N14 and N1 freeways and Hendrik Verwoerd Drive
- Each unit comprises office space with adjoining workshop and storage

- Acquisition date: March 1999
- GLA of 6 890 m²



HYDE PARK TERRACE

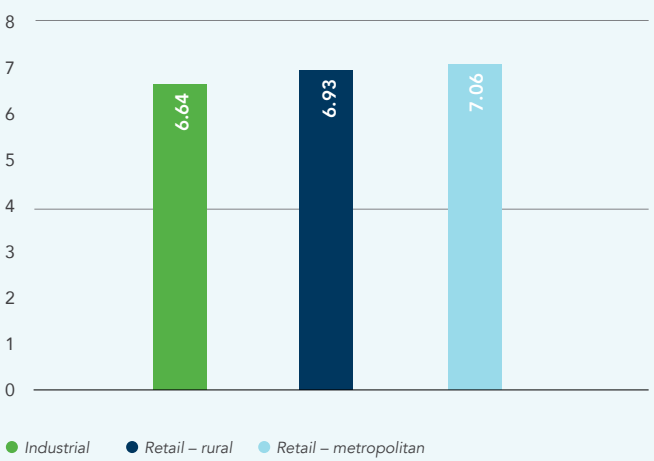
RESIDENTIAL DEVELOPMENT VALUED AT
R56 million

- 56 on First Road, Hyde Park, Gauteng
- Growing demand for high end residential development in the exclusive Sandton area

- Acquisition date: November 2013

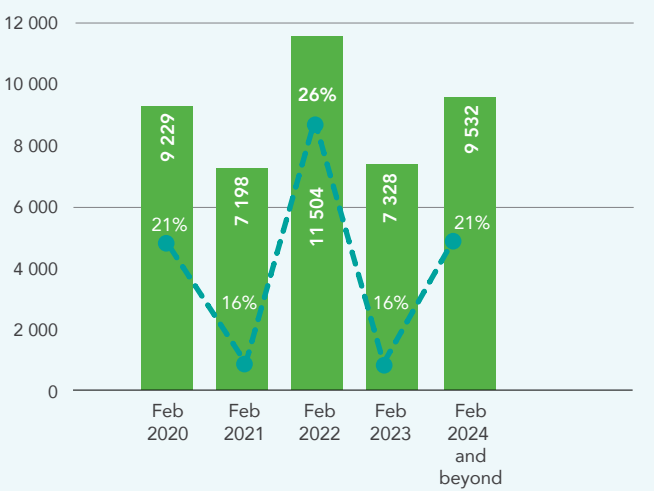
Lease escalation profile

Weighted average lease escalation by GLA and sector (%)

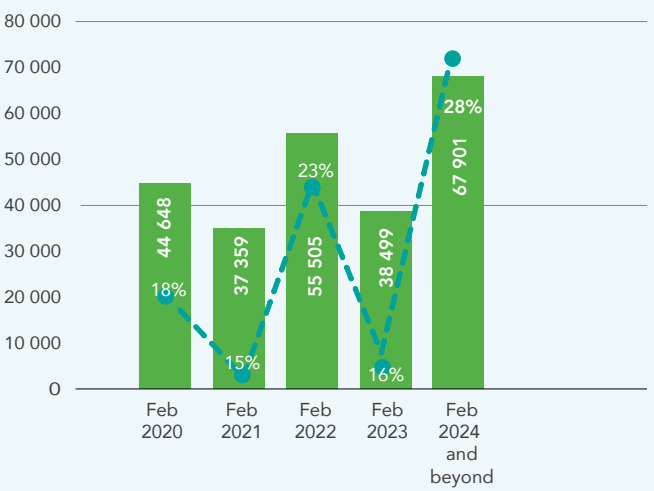


Lease expiry profile by

Revenue (R'000 and %)



GLA (sqm and %)



OUR DEVELOPMENTS (continued)

ACSION'S DEVELOPMENTS CAN BE SPLIT INTO FOUR CATEGORIES, BASED ON THE STAGE OF COMPLETION OF THE RELEVANT DEVELOPMENTS. THESE FOUR CATEGORIES ARE AS FOLLOWS:

- 1. DEVELOPED INVESTMENT PROPERTIES
- 2. LOCAL DEVELOPMENTS UNDER CONSTRUCTION
- 3. LOCAL FUTURE DEVELOPMENT OPPORTUNITIES
- 4. INTERNATIONAL FUTURE DEVELOPMENT OPPORTUNITIES

These categories in combination drive the value creation for AcSION and results in the NAV uplift.



* Percentage indicates effective holding by AcSION Limited.

OUR CURRENT AND PIPELINE FOOTPRINT



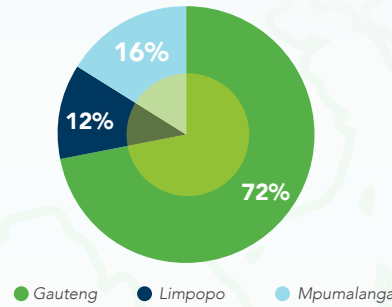
VACANCY PROFILE
WEIGHTED VACANCY PER GLA
Retail: 3.77%
Industrial: 5.88%

WEIGHTED AVERAGE RENTAL/SQM BY GLA PER SECTOR
RETAIL – METROPOLITAN
R174.20
RETAIL – RURAL
R144.09
LIGHT INDUSTRIAL
R62.79

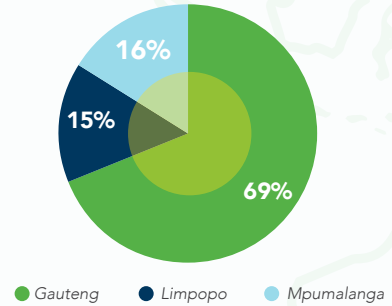
OPERATING YIELDS
AVERAGE
7.04%

CURRENT DEVELOPED PORTFOLIO'S GEOGRAPHIC AND SECTOR PROFILE

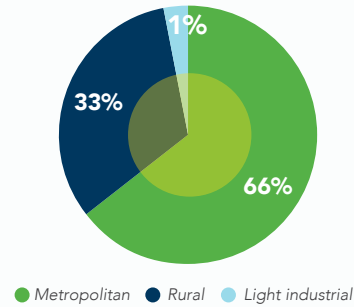
GEOGRAPHICAL PROFILE BY REVENUE



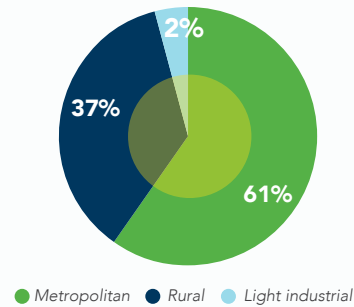
GEOGRAPHICAL PROFILE BY (GLA)



SECTOR PROFILE BY REVENUE



SECTOR PROFILE BY GLA



CHAIRMAN'S REPORT

South Africa faces a challenging business climate through 2020, but we remain optimistic that Acsion will achieve its financial forecasts in the forthcoming financial period.

DAVID GREEN
CHAIRMAN

Real estate market and economy

The South African property sector has not been exempt from the challenges that the country faces with regard to depressed economic growth and the political and social challenges experienced over the last few years.

Recent political changes have improved the overall outlook but the deep-seated economic erosion will take many years of recovery.

However, the South African business community has always had a robust approach to all types of challenges and we rely on this continued state of mind to see us through to more positive outcomes in the years ahead.

Governance and Board

The Acsion Board continues to maintain strict adherence to good corporate governance and practice and observes all the recent regulatory changes introduced.

We also recognise the expert input of our management executive who, with the assistance of a dynamic and experienced team, navigate the challenges of slow economic growth, failure in service delivery at local municipal levels, rising operational costs and bottlenecks in bureaucratic processes hampering progress with proposed and existing developments and extensions in the smaller or outlying towns.

Performance

When considering Acsion's directly held real estate assets and despite an extremely challenging year experienced by the broader South African economy and that of our neighbouring states we are delighted that Acsion once again was able to meet its targets for the financial year.

In the four years that Acsion has been listed, strict adherence to sound asset management, focus on value engineering with regard to new developments and our approach to defensive property management have resulted in predictable and stable earnings growth.

Acsion's first forays into the international retail development market with the Mall@Larnaca in Cyprus are progressing well as permit was received and the relevant groundwork has commenced on this development.

Similarly the development of the 1 100 room residential high rise, retail and conference centre, Acsiopolis (Benmore Sandton), is progressing well and completion is anticipated early in the 2020 calendar year. This niche development is anticipated to introduce well-priced residential stock into the market based on short-term lets. The focus is on the delivery of superior furnished units to be let at affordable rates, below what is currently on offer in this market segment in Sandton.

Outlook

Looking forward, we anticipate that the retail sector will remain challenging with pressure on the tenants and their turnover growth projections. The Group remains focused on tenant retention and lease renewal at the best possible annual escalation rates.

Having said this, Acsion has been careful with regard to its rental requirements and currently our retail rentals are considered to be in line with market and in some cases slightly below. This benefits the retailer in these challenging times and assists management with lease renewals as they arise.

In addition, the continued focus on solar power installations at our malls has proved to be financially beneficial in all instances.

Mindful of the ever-changing landscape, Acsion looks forward to the forthcoming year and the fresh challenges it may hold. With the insights and expertise of my colleagues on the Board of Acsion, we are confident that the underlying assets will perform in line with expectations and that new developments and upgrades to the current portfolio scheduled for completion through 2020, will deliver results in line with Acsion's expectations.

Appreciation

In this regard, I would like to thank the Board members for their dedication and guidance and also the various committees for their ongoing support and diligent approach to the running of the various committees and sub-committees.

Warm regards,



David Green
Chairman

A black and white portrait of Kiriakos Anastasiadis, Chief Executive Officer, with a green tie. The background is a blurred office setting.

CHIEF EXECUTIVE OFFICER'S REPORT

The Group

The Accion Group consists of all facets of property management and development under one consolidated listed entity. We have chosen to stay as a Property Development Company on the Johannesburg Stock Exchange as this continues to align with our strategy objective of delivering Net Asset Value growth to our stakeholders.

Keeping the above ethos consistent and in line with our initial listing statement has helped the Group deliver positive year-on-year returns well above the South African property benchmark, which is evident in the results we present to you in the 2019 year of assessment.

Our focus in the 2019 financial year was to maintain our costs and income at the levels that we believe are both inflation targeting as well as sustainable for the foreseeable future. The executive team has done a sterling job in maintaining these and my appreciation goes out to them.

Pipeline developments

The focus remains on our two major projects: Acsiopolis (Sandton, South Africa) and Metropolis Mall@Larnaca (Larnaca, Cyprus).

The Group has not been shielded from the downturn in the construction industry in South Africa and delays on the Acsiopolis project have been encountered. The timing of the delays are being managed by our experienced developments division. The current project plan is still to bring the Acsiopolis experience online in the second quarter of 2019.

In Europe, approval and permits to commence construction works have been obtained and final contractors are in the process of being appointed for the Mall@Larnaca. The professional team in Cyprus has worked on the design of the shopping centre, and will deliver Larnaca with an innovative building.

During June 2018 a fire occurred at the Mall@Emba due to service delivery protest action. The mall was insured and the damaged portion is in the process of being rebuilt. It is expected that the mall will be fully operational by the end of June 2019.

The African landscape continues to be slow, as the commodity cycle and economic growth stagnates. We are still positive on the prospects and continue to progress with our developments in Mozambique and Zambia, albeit at a slower pace than anticipated.

Financial performance

During the financial year the Group recorded revenue of R653.4m (2018: R586.5m) and a net profit after tax of R935.2m (2018: R823.6m). Operating expenses were well contained at R224.2m (2018: R223.5m) for the financial year. The main increase in the current year is attributable to Acsiopolis.

Net profit after tax attributable to ordinary shareholders of R944.3m (2018: R814.5m) equated to basic and diluted weighted earnings per share of 233.9 cents (2018: 206.8 cents) and weighted headline earnings per share of 71.7 cents (2018: 61.8 cents) for the year.

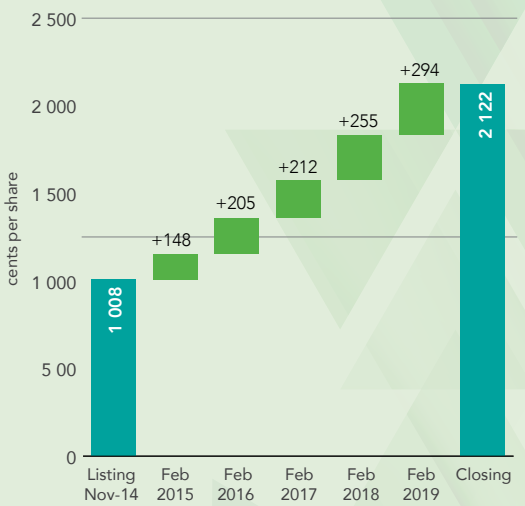
The Group had an increase in its net asset value per share (excluding deferred tax) from 1 815.8 in 2018 to 2 084.5 cents per share in 2019. The net asset value (excluding deferred tax and adding back dividend distributions paid to shareholders since listing) has increased from 1 008 cents per share on listing to 2 122 cents per share in 2019, which constitutes compound annual growth rate ("CAGR") of 26.02% over the 4.25 years since listing.

In tough economic times, we as a property company continue to look for new opportunities in growing economies. Growth is the only form of value creation, and we are well positioned to take advantage when the timing is right.

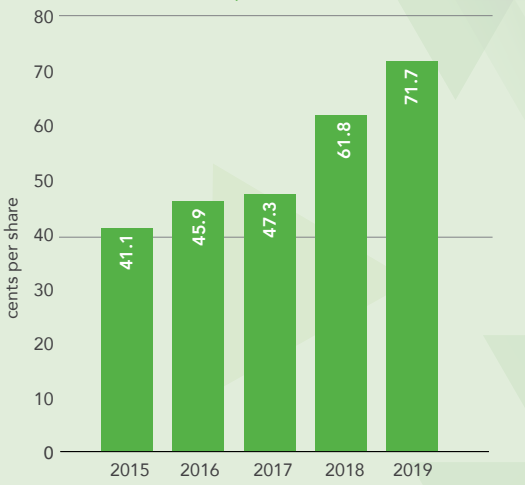
KIRIAKOS ANASTASIADIS
CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER’S REPORT (continued)

Net Asset Value per share excluding deferred tax and dividends paid



Headline earnings per share



Liquidity

The tradability of the share price is evaluated regularly by the Board and the executives. Mechanisms and strategies have been debated to better align the share price with the tangible net asset value of the underlying properties and investments in photovoltaics. With Acsiopolis and Metropolis Mall still in the pipeline, it has been decided to stay the course with the current structure, until they both become operational.

The company continues to see considerable value in its own shares and will repurchase shares in the open market.

Appreciation

My gratitude and thanks go to the Board for their guidance and support during the year under review. I would like to extend my appreciation to our tenants, and shareholders for their continual and tireless support of our growth objective since listing.

In closing and looking to the 2020 year, we look forward to delivering much needed value to the South African economy which is our contribution to improving the country we operate in.



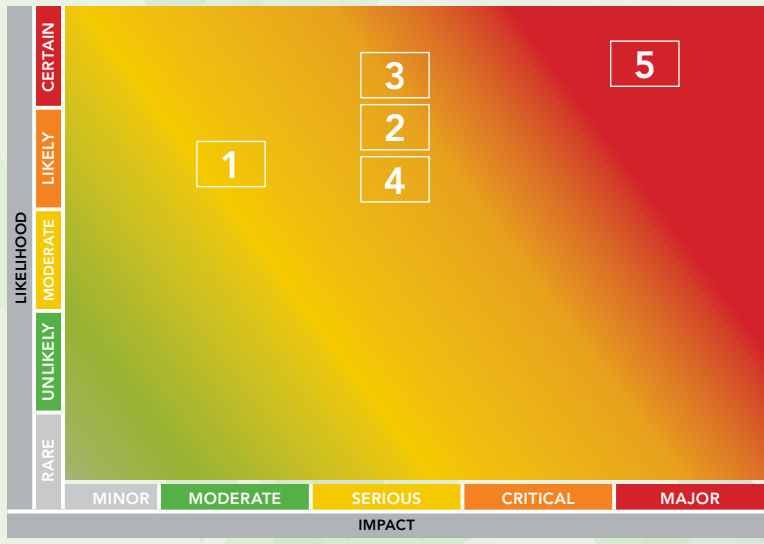
Kiriakos Anastasiadis
Chief Executive Officer

Acsion will continue to explore local & international opportunities in the year ahead.

MATERIAL RISKS AND OPPORTUNITIES



DAVID TURNER
RISK OFFICER



Top 5 risks

- Risk 1**
Loss of national tenants
- Risk 2**
Loss of traffic
- Risk 3**
South African economy
- Risk 4**
Country-by-country risk
- Risk 5**
Diversification

Detail of risk	Possible impact	Mitigating factors and opportunities	Opportunities	
			Short-term	Medium-to long-term
1. LOSS OF NATIONAL TENANTS - National Tenants are key to the long-term sustainability as they ensure the long-term sustainability of the portfolio's income, therefore Acision needs to attract and maintain quality tenants and a strong tenant mix to create a resilient income stream. - The Edcon and Massmart Groups are currently experiencing financial difficulties.	- Any event that leads to the loss of anchor tenants would have a significant impact on the long-term profitability of the affected development, therefore the risk being the loss of profitability; - Currently Edcon has requested a rent reduction from all shopping centres they are located in, this is due to them experiencing financial difficulties. Edcon may need to close all non-profitable stores; - Loss of foot traffic; - Vacant space reduces rental income and expenses are incurred regardless of whether the property is tenanted; - Additional costs are incurred to re-let vacant spaces; - Smaller tenants may default due to loss of foot traffic; and - Leases may not be renewed due to the weighting of national tenancy.	- Monthly measurement of tenant retention figures and review at Exco level; - In an effort to pre-empt E-trade there is a focus to create a strong service- and community-based slant to our retail buildings; - Ongoing monitoring of tenant complaints by management and quick turnaround on escalation of queries; - Acision's experienced leasing team have long-standing relationships with national tenants who support our developments, assisting with tenant mix; - Availability of senior management to attend meetings with anchor tenants; and - Feasibilities are currently underway to ensure that if Edcon or Massmart were to leave malls, suitable tenants have been identified to fill the space.	↑	↔
2. LOSS OF TRAFFIC Due to current South African economic headwinds, Acision retail centres are facing a drop in customer footfall.	- Leases may not be renewed; - Tenants may default due to loss of revenue; - Vacant space reduces rental income and expenses are incurred regardless of whether the property is tenanted; - Additional costs are incurred to re-let vacant spaces; and - Additional marketing expenses to attract more foot traffic.	- The foot traffic is monitored on a monthly basis by the Marketing department, Chief Operating Officer and Director of Leasing; - Where appropriate, marketing efforts have increased to attract feet to the centre to assist tenants with turnover; - Acision strives to position malls where they have low competition so that the centres are the most convenient in the catchment area; and - Quality national tenants have been placed in the mall to draw more foot traffic. National tenants are more resilient in economic downturns.	↑	↓
3. SOUTH AFRICAN ECONOMY Due to the weakening South African economy there is downward pressure on rentals and through rates.	- Slower retail sales growth affects a retailer's financial position and ability to pay rent; - Leases may not be renewed; - Discounted rentals to retain tenants; - Tenants taking less space and slowing down extension plans; and - Additional cash reserves may need to be held, as credit will come at a higher cost.	- Our current average rentals are lower than our competitors, therefore if rent reversions are experienced Acision should not be impacted as severely; and - Due to the low building costs at which Acision development company builds, projects remain viable even with downward rental pressure where this may not be the case for our competitors.	↑	↓
4. COUNTRY-BY-COUNTRY RISK - Additional tax treaties are introduced between governments in the form of double tax agreements whereby large transactions must be reported from both sides. This could lead to a tightened tax net and reduced tax planning opportunities. - International developments or acquisitions may be impacted in unexpected ways which could lead to the investment being less attractive.	- Additional taxation may need to be paid; - Existing projects may be delayed due to a decrease in financial viability; - New projects may need to be delayed due to decrease in cash flow; - Possible non-compliance with laws and regulations; - Reputational harm due to non-compliance with laws and regulations; and - Exchange rate risk.	- Tax planning with reputable industry experts has been obtained. This will ensure limited tax leakage; and - Current tax jurisdictions assessed are both tax efficient and have double taxation agreements with South Africa.	↑	↓
5. DIVERSIFICATION - With the growth experienced in E-trade, the retail shopping centres in America are under severe pressure. This trend will reach South African shores but the impact is still uncertain. - E-trade could affect conventional trading negatively putting additional pressure on rentals in turn impacting the performance of the Group.	- If the retail component underperforms, the bulk of the Acision portfolio will be negatively impacted as the portfolio is still heavily retail focused; and - Reduction in demand for retail rental space due to change in ultimate customer buying habits.	- The portfolio is currently being diversified into residential and mixed-use, from a South African perspective; - The existing retail centres are being positioned to offer services that are not impacted by E-trade; and - The Group is also diversifying internationally.	↑	↑

ENTERPRISE RISK MANAGEMENT

Although risks and opportunities have always been managed within the business, it is now required, as part of the JSE Listings Requirements, that this process is formally bedded down with effective tools being used to actively track and manage specific and enterprise-wide risk.

The responsibility of overseeing risk has been delegated to the Audit and Risk Committee, a sub-committee of the Board. The Board believes that the most efficient and effective way for Acision to manage risk is for the Executive Committee to manage it in conjunction with mitigation plans. Due to other business obligations, Astrino Nicoloudakis was replaced as Risk Officer by David Turner in November 2018. He maintains the risk register in this regard. This register is reviewed twice by the Audit and Risk Committee during the year, together with monthly review by the Executive Committee so that the risks identified are sufficiently managed and mitigated to the satisfaction of the Board and executives.

Acision is committed to addressing and dealing with risk in a proactive way. To this end, an Internal Audit division has been established to provide assurance around the control environment and in the process also assist in identifying risks. The Audit and Risk Committee has to ensure that a combined assurance model is effectively implemented.

Information Technology ("IT") governance is also an area of responsibility for the Board according to King IV. At this stage, due to the relative size of the business and simplicity thereof, a separate steering committee has not been formed and IT risk management forms part of the overall risk management process. Internal Audit will perform testing around IT governance and will give size and complexity appropriate recommendations for the improvement of the environment. The IT environment includes:

- MS Windows operating system;
- Specialist property management application software ("MDA") that includes customer relationship management (CRM) finance modules; and
- Payroll software ("Sage VIP").

↑ Opportunity increased since 2018

↓ Opportunity decreased since 2018

↔ Risk/opportunity stayed broadly the same since 2018

CORPORATE GOVERNANCE REPORT

The Board of directors

Acsion Limited has a Board of directors comprising seven people, five of whom are non-executive directors and two of whom, the Managing Director and Financial Director, are executive directors. The Chairman is a non-executive independent director. Four members are black South Africans and two are females. The Board and Group Secretary's education and experience are broad and include that of a former advocate, a former judge, a former university associate professor, four chartered accountants, a medical specialist and a civil engineer. Three people had JSE listed company experience as directors prior to appointment to Acsion's Board and five people have property company experience. Thus the Board is well qualified educationally and by experience to manage governance, implement policy and monitor operations as required in terms of the South African Companies Act of 2008, the JSE Listings Requirements, the King Code of Corporate Governance and stakeholder expectations.

Ms Sandarie le Roux replaced Mr Pieter Scholtz as Financial Director near the end of the prior financial year. On 31 July 2018, Sonja Griesel resigned as a member of the Board and Chairman of the Audit Committee. She was replaced by Modi Hlobo who was appointed on 29 October 2018. There were no other changes to the Board of directors during the current year or prior financial years.

The Board committees

The Board has created an Audit Committee, a Remuneration Committee, a Nominations Committee, a Social and Ethics Committee and an Investment Committee. Each is chaired by a different non-executive director and has three members to ensure the company adheres to company legislation, JSE listed company requirements and the King IV code applicable to corporate governance. Various executives and other invitees such as external auditor representatives are invited to all committee meetings, where appropriate to ensure full information disclosure, interaction between policy formulators and framers and feedback. The Group Secretary issues meeting agendas together with Board or committee information packs ahead of meetings to ensure all directors are prepared before meetings. He also attends all meetings, ensures that corporate governance procedures are adhered to at these meetings and ensures minutes are taken, reviewed by all directors and are signed.

Role of the Remuneration Committee

The Remuneration Committee is responsible for:

- Making recommendations to the Board in respect of remuneration of the executive directors and executive committee members;
- Making recommendations on non-executive directors' fees;
- Serving as a communication channel between the Board and management regarding remuneration matters;
- Setting the remuneration policy for basic salaries, performance bonuses and long-term incentives;
- Reviewing the standard conditions of service benefits;
- Ensuring the annual remuneration reporting, forming part of the integrated report, provides sufficient level of disclosure as required in terms of King IV; and
- Remuneration policy and implementation report available for viewing on website www.acsionsa.co.za/corporategovernance.htm.

Role of the Nominations Committee

The Nominations Committee is responsible for:

- Reviewing the Group's Board structures;
- Making recommendations on the size and composition of the various Boards within the Group and applying the gender diversity policy in conjunction with the broader principles of BEE;
- Assessing the appropriateness of the split between executive, non-executive and independent directors;
- Identifying and nominating new directors for approval by the Board by considering independence, qualifications and experience; and
- Conducting annual performance reviews on the Board and various Board committees.

Role of the Social and Ethics Committee

In terms of Regulation 43 of the Companies Act 71 of 2008 the committee assumes their responsibilities in the following areas:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships; and
- Labour and employment.

The Group has accomplished the following successes during the year under review:

- Awarded bursaries to underprivileged individuals to obtain a degree at one of the leading universities in South Africa in a field that would add value to Acsion. On successful completion of the degree, the individual/s will have the choice to start their career with Acsion;
- Funded studies for its employees to enrol and complete degrees that would add value to Acsion. The funding is not repayable if the employee passes the degree.
- Supported various charitable organisations throughout the year by way of free space at its malls for promotions, trading to raise money for its activities or collecting funds from the public to support its goals.
- The Group provides support to the communities in which it operates by providing employment to community members as well as providing support to local schools and other charitable organisations through the donation of cash and equipment.

Role of Investment Committee

Acsion has established an Investment Committee to evaluate and appraise potential investment, development and disposal opportunities which may be presented to the Group from time to time.

Role of Audit and Risk Committee

Refer to the Annual Financial Statements of the Group for the Audit and Risk Committee report.

Committee governance

All Board committees are governed by a committee charter which includes legislative and JSE Listings Requirements' responsibilities and each committee is headed by a non-executive independent director.

The lead independent director heads the Nominations Committee.

Business management

Business management is entrusted to the executive directors of Southern Palace Investments 108 Proprietary Limited, generally known as Anaprop. These executive Board members are invited to join Acsion Board and Board committee meetings to ensure there is no disjunction between execution of governance principles and policy and the setting and monitoring thereof. They also have a broad array of tertiary education and experience. The executive Board has two chartered accountants, a post-graduate finance specialist, an electrical engineer, a civil engineer, a post- graduate construction and a property management specialist. All but one have more than four years' experience in the property industry and in most cases these executives have worked for many years in the industry.

The executive directors serve as directors of the property management subsidiary, Anaprop. The Managing Director and Financial Director of Acsion serve on this Board of directors as well, along with the Chief Operating Officer, Head of Leasing, Chief Investment Officer and Head of Property Development. The Chief Operating officer also manages the human resources portfolio.

Committee composition

Description	Chairman	Other committee members	Performance assessment committed to writing	Annualised remuneration at present
Board of Directors	David Green	Modi Hlobo, Thabani Jali, David Sekete, Nicholas Bila, Kiriakos Anastasiadis, Sandarie le Roux	No	• Chairman R234 400 • Non-executive Directors R210 000 • Managing Director R2 900 000 • Financial Director R1 290 000
Audit and Risk Committee	Modi Hlobo	David Green Nicholas Bila	Yes	Included in director pay
Remuneration Committee	Thabani Jali	David Sekete Modi Hlobo	No	Included in director pay
Social and Ethics Committee	David Sekete	Thabani Jali Kiriakos Anastasiadis	No	Included in director pay
Nominations Committee	David Green	All independent directors	Not applicable	Included in director pay

All non-executive directors are independent and have the right to independent advice at the Group's cost where deemed fit and to any information from the Acsion Group and its subsidiaries upon request.

Managing Director remuneration did not increase in the 2019 financial year. The Remuneration Committee and the Board of directors have recommended a 5% increase for non-executive directors for approval at the annual general meeting in 2019.

CORPORATE GOVERNANCE REPORT (continued)

Meeting attendance

Board member	Audit and Risk Committee		Remuneration Committee		Social and Ethics Committee		Investment Committee		Board		
Note: Total means total after appointment	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	
	David Green	5	4					1	1	4	4
	Sonja Griesel*	2	2							1	1
	Thabani Jali			3	3	2	2			4	4
	David Sekete			3	3	2	2	1	1	4	4
	Nicholas Bila	5	4							4	3
	Kiriakos Anastasiadis					2	2	1	1	4	4
	Sandarie le Roux									4	4
	Modi Hlobo**	2	2	2	2					2	2

* Resigned 31 July 2018.

** Appointed 29 October 2018. Mr Anastasiadis and Mr Jali interviewed potential candidates in their own time and no formal meeting was held by the Nominations Committee in this regard.

Black economic empowerment

In accordance with paragraph 16.20 (g) of the JSE Listings Requirements, the Board of directors confirms that its Board representation of black South Africans has reached 57%. It further reports that neither AcSION Limited nor any of its subsidiaries is compliant with the black economic empowerment codes of good practice. The Board has instructed management and specifically the Human Resources Manager, to implement changes to ensure compliance with these codes within the forthcoming year. The Board of directors has mandated regular report back from the executives on progress made to achieve this important goal.

The Board has also given specific instructions to the executive to implement policies to ensure racial transformation of management occurs as vacancies become available while complying with Board policy of making merit-based appointments.

The BBEEE certificate is available for inspection on the Company's website (www.acsionsa.co.za).

Gender diversity

In compliance with paragraph 3.84 (k) of the JSE Listings Requirements, AcSION Limited has adopted a gender diversity policy applicable to the composition of its Board of directors. That policy is as follows:

- The Board of directors of AcSION Limited recognises the importance of gender diversity in its organisation's policies, development and growth. Consequently, it has embraced the JSE Listings Requirements related to gender diversity positively.
- In accordance with the aims of gender diversity, the Board has set a voluntary target of 40% female Board members to be implemented as and when Board vacancies become available.
- The Nominations Committee has been instructed to take cognisance of this target in its appointments in the future while maintaining the goal of merit-based appointments to all key positions.

The Board of directors has not adopted gender diversity policies for executive appointments as yet, but has delegated the development thereof to the newly appointed Human Resources manager and the executive directors who constitute the Board of Southern Palace Investments 108 Proprietary Limited commonly and hereinafter referred to as Anaprop.

Group Secretary

In accordance with the updated JSE Listings Requirements, the Board reports that it has satisfied itself that the Group Secretary, Mr Michael Reynolds, a chartered accountant with prior listed company experience as a director and sound knowledge of AcSION having acted as former external audit partner to Anaprop and its subsidiaries, has adequate qualifications and experience to fulfil the requirements of a Group Secretary appointment to AcSION Limited.

All directors have unfettered access and direct access to the Group Secretary for such purposes as they may deem necessary.

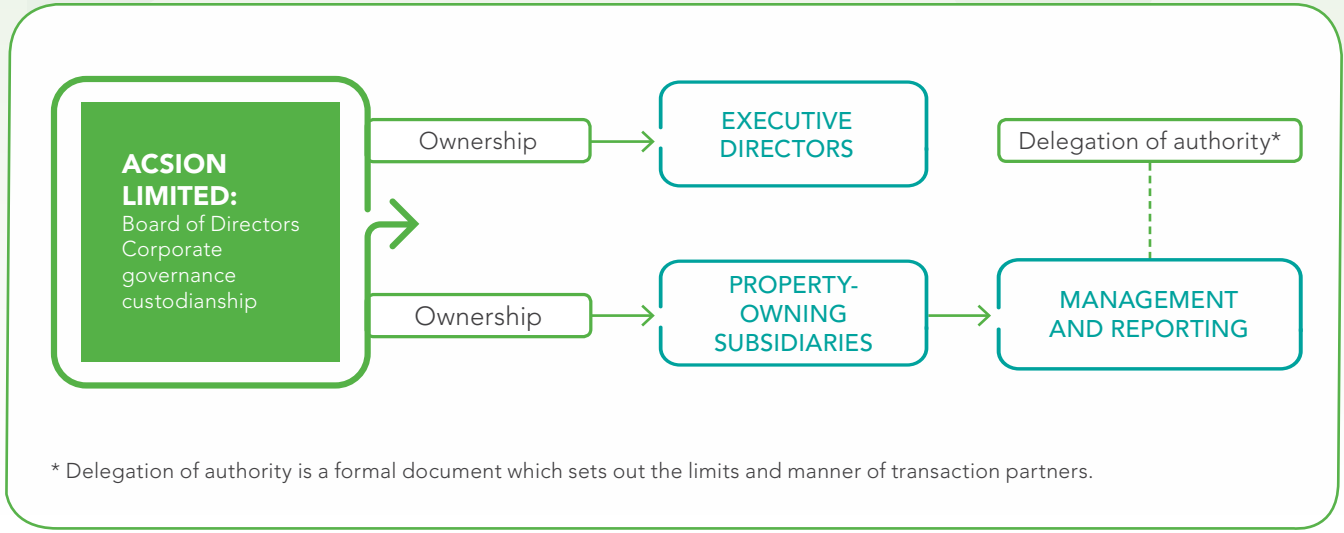
Other

Property valuations

There have been no material changes to the information used and assumptions applied by the independent valuer since valuation to date of this report.

King IV compliance

AcSION has set upon a course of complying with the 17 principles and 208 practices set out in the King IV report with the intention of achieving best governance practices. The Group structure set out on the opposite page comprises the governance framework and the core processes within that framework used as a guide to implement practices over time and to ensure they are monitored and remain effective. This year's progress report on implementation is also included.



* Delegation of authority is a formal document which sets out the limits and manner of transaction partners.

AcSION Limited principles of governance	AcSION Limited principle implementation
1. Establishes Group ethics, integrity and supporting policies;	Policy implemented through training of staff and Anaprop Executive Committee monitoring by the Board of directors;
2. Selects the core competencies and responsibilities of the executive directors;	Job description approval by Anaprop's CEO and the nominations and remuneration committees in the case of executive directors;
3. Compiles the accountability and report monitoring protocols;	New policies with regard to internal auditing, Investment Committee functioning, insider trading, Audit Committee functioning, the Remuneration Committee and Social and Ethics Committee were approved during the year under review. The company's organogram was also approved by the Board of directors as were budgets and financial performance report backs;
4. Institutes fairness and transparency protocols;	These protocols have now been incorporated into policy documents;
5. Decides on the key components of the Group's corporate citizenship and designs;	This policy has not yet been adopted. The Social and Ethics Committee manages this aspect of governance closely and an overarching policy will be developed in the 2020 financial year. The company has struggled to implement an effective BEE strategy to attain a compliant status. The new Chief Operating Officer has, however, commenced strategy development and some progress has been achieved in procurement practices where suppliers with good scorecards have been substituted for suppliers with poor scores and staff members in the human resources department, in particular, have been black appointees. The future appointment of black technical personnel is being driven by an internship programme which is starting this year and a limited number of bursary recipients;

CORPORATE GOVERNANCE REPORT (continued)

Acsion Limited principles of governance	Acsion Limited principle implementation
6. Obtains an understanding of and contributes to strategy development, management policy, financial and business performance models;	Strategy, management, financial and business models as well as budgets are reviewed and amended by the Board at meetings set on a meeting matrix for each year based on 52 months of experience and understanding of Acsion's modus operandi;
7. Assesses and monitors corporate risk, advises on risk minimisation policies and assesses policy implementation;	The Reporting Financial Manager has been given ownership of the risk register and with some guidance from the head of the Audit Committee has amended and updated the register and ensures that implementation takes place at executive level;
8. Ensures reporting enables informed assessment of performance in the short, medium and long term;	Financial and business results are reviewed at every Board meeting and at Anaprop Executive Committee meetings. The preparation thereof is reviewed by the Internal Audit team;
9. Drives all governance issues at Acsion;	Governance is set in Board-approved policies and follow up occurs in terms of a scheduled meeting matrix. In addition, the Group Secretary monitors governance at Board meetings of both the holding company as well as the subsidiaries. Minutes of meetings of the executive and management committee are also maintained;
10. Appoints directors required to ensure the Board has an appropriate "spread" of skills, experience, diversity and independence required to discharge its duties and responsibilities;	A Nominations Committee carries out this function and has achieved reasonable diversity at Board level. Female representation improved by the appointment of a female chairman of the Audit Committee. Anaprop's Board has been specifically tasked with improving the transformation of the executive of the Group going forward. Progress has been made at mall manager and human resources levels;
11. Delegates duties and responsibilities of the Board to individual directors so as to maintain independence and an adequate balance of power between members of the Board;	Board committee chair roles are spread amongst non-executives as are other duties and Anaprop directors have departmental roles with line responsibilities;
12. Evaluates director and Board performance using appropriate tools to do so and explores potential improvements;	Committee member evaluations are carried out by the Audit and Risk Committee. Such evaluations have not occurred for other committees and the company secretary has agreed to ensure this is done in the 2020 financial year;
13. Approves senior management appointments and delegates duties and responsibilities to them so as to ensure they have appropriate role clarity and authority;	Senior management appointments and responsibilities are set by the Board for directors and reviewed by the directors in the case of Anaprop executive directors;
14. Manages risk governance so as to support the executives in setting and achieving strategic objectives;	Risk governance policies are set by the Audit Committee and the reporting Financial Manager at Anaprop is responsible therefor;

Acsion Limited principles of governance	Acsion Limited principle implementation
15. Makes certain that IT is used as a driver of strategic objective achievement, performance measurement and risk management;	IT is reviewed by internal auditors and then reported on to the Audit Committee and the Board, and the Board expands the discussion to use as a business driver when needed;
16. Governs data produced by IT to protect the data and its integrity and to ensure privacy laws and norms are enforced and respected;	The Board has reviewed privacy protection, implemented a PAIA manual. A formal process and data information policy was not prepared, but has been flagged for finalisation in the 2020 financial year;
17. Monitors compliance with laws, rules, societal codes and standards required to be a good corporate citizen;	This has been done at Board level and Board committee level as well at Anaprop Board level. Greater formalisation of this is required and will this will be done in the 2020 financial year;
18. Guides and systematically reviews fair, responsible and transparent remuneration of executives and employees;	In the case of employees, key performance indicators have been introduced at senior levels and are being introduced throughout the organisation to ensure fairness in performance measurement and promotions;
19. Directs implementation of assurance services and a good internal control environment to ensure information integrity on which internal decision making and external reporting are sound;	The Group has a fulltime Internal Auditor and a fulltime operations inspector who jointly audit, monitor and report on internal controls to an external chartered accountant, currently the Group Secretary. The external internal control manager is appointed by the Audit and Risk Committee. External assurance providers, such as the Group auditors, are appointed and monitored by the Audit and Risk Committee;
20. Adopts and approves policies which will balance the needs of all Acsion's stakeholders and ensure that they all receive information relevant to their needs and legal rights and that management takes account of all stakeholders in executing their responsibilities;	This has been done for most stakeholders, but is not incorporated in a formal policy document. In addition, protocols need to be extended to include other stakeholders, such as suppliers and bankers. Policy development will be finalised in the 2020 financial year;
21. Oversees investment and divestment practices and decisions to ensure they are responsible, create value and are properly governed in accordance with Acsion's governance principles.	The Board has a formal Investment Committee to evaluate investments on the basis of plans prepared by the Chief Investment Officer at Anaprop. These plans are pre-reviewed by the Chief Executive Officer and Financial Director before presentation to the committee.

BOARD OF DIRECTORS



ADV. DAVID GREEN (57)

Independent non-executive Chairman, Chairman of the Board, BA LLB

David is the CEO, Director and founding shareholder of ProAfrica Property Services and an admitted advocate in the Supreme Court of South Africa. He has been a prominent figure in the South African real estate industry for the past 30 years, having held various positions such as Managing Director at Pace Property Group, Executive Director at Marriott Property Group (1995 – 2001), Chairman of SA Listed Property Association, Member of Absa Mortgage Fund Managers credit committee (Real Estate lending facilities) and Head of the Fund and Asset Management division of Capital and City Centre Listed property funds. He is currently a Non-Executive Director of both Castle Property Fund and SAPOA and served as President elect of SAPOA for 2019. He received a Lifetime Achievement Property Award from SAPSIA in 2019.



MR KIRIAKOS ANASTASIADIS (66)

Chief Executive Officer
PR ENG MSc Eng (Structural)

Kiriakos started the first development that forms part of the Group, now known as AcSION, approximately 21 years ago. He holds a Masters Degree in BSc Structural Engineering and is a registered professional engineer with over 39 years' construction and property development experience.



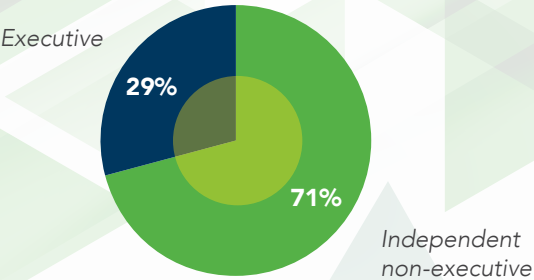
DR DAVID SEKETE (65)

Independent non-executive director
BSc, MBChB, MSc Med

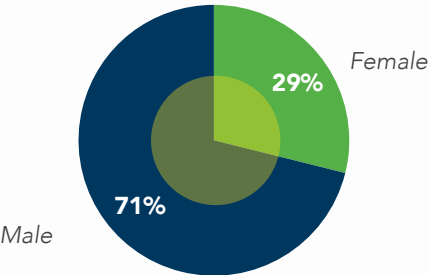
Chairperson: Social and Ethics Committee

Dr PD Sekete is a Medical Practitioner with 34 years' experience in this field. He has held various directorships at subsidiary level of the listed entity over the past eleven years and prior to this, he was a director at several companies including Meditech, Buhle Waste, Liseko Healthtek and Razorite Healthcare (RH) and Rehabilitation Fund, managing R2.5 billion developing hospitals. Dr PD Sekete is a member of the HPCSA (Health Professional Council of SA) and SAMA (South African Medical Association).

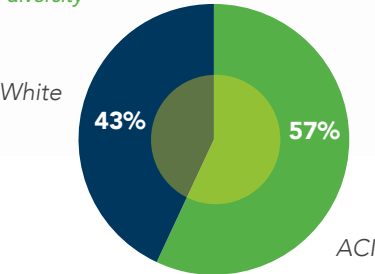
Director classification



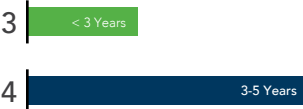
Gender diversity



Equity diversity



Directors' tenure



The Board consists of seven members, two of whom are executive directors, with the remaining five members being independent non-executive directors. Apart from Kiriakos Anastasiadis, who is a Greek citizen and permanent resident of South Africa, all the remaining directors are South African citizens and permanent residents of South Africa.

- The Board is well-balanced, consisting of members with:
- prior property experience and knowledge;
 - excellent understanding of technical accounting and audit-related matters;
 - prior experience of serving on a listed company Board; and
 - vast commercial knowledge and experience.



MR THABANI JALI (60)

Independent Non-executive Director
BA, LLB, LLM

Thabani has over 23 years' experience in the legal profession as an attorney, mediator, arbitrator, judge of the Competition Appeal Court and Deputy judge president of the High Court having specialised in, amongst others, commercial law, litigation, labour law and alternative dispute resolution. He was company secretary and group executive responsible for governance, compliance, sustainability and editorial and language services at Nedbank Group until January 2019.

He is chairman of Menston Holdings Proprietary Limited and member of the Specialist Committee on Company Law. He was Executive Chairman of PricewaterhouseCoopers (South Africa) and has held several Board positions over the past years.



MR NICHOLAS BILA (38)

Independent Non-executive Director
BCom Honours (Accounting), CA(SA)

Nicholas Bila joined the Audit Committee and the Board in September 2017. He is a qualified CA(SA) and is currently working for a renewable energy company operating in both South Africa and Sub-Saharan Africa. The company has more than 20 companies, including various Trust companies, all requiring his expertise and services. He has extensive experience in renewable energy, ITC, property as well as various other industries.



MS SANDARIE LE ROUX (45)

Chief Financial Officer
BCom Honours (Accounting), CA(SA)

Sandarie completed her articles at Fisher Hoffman Sithole in 1998. She has many years of experience in Financial Management, Accounting and Financial and Regulatory Reporting across various industries including Real Estate, short-term insurance and the motor industry. Sandarie is a qualified chartered accountant registered with the South African Institute of Chartered Accountants.



MRS MODI HLOBO (43)

Independent Non-executive Director
BCom Honours (Accounting), CA(SA), MCom (Finance)

Chairman: Audit and Risk Committee

Modi completed her articles at ABSA Group Limited. She has many years of experience in financial management, corporate governance, private equity and investment banking. She is currently employed as a senior lecturer at the University of Johannesburg in the School of Accountancy. Modi has served on numerous Boards, including in the property industry.



MR MICHAEL REYNOLDS (58)

Group secretary
BCom Hons, CA(SA) BA C.IFRS
MDP-BBBEE

Michael was previously the company's audit partner at MWRK Auditors Inc. between 2005 and 2012. He completed his articles at Deloitte & Touche in 1986 after which he joined the South African Revenue Services (SARS) for five years before leaving as a deputy director to start his own practice with a partner. Thereafter he spent six years in public practice followed by eight years in commerce. Michael and his consortium partners listed a building facility management company on the JSE where he served as Financial Director and Managing Director in the late 1990's. This was followed by a financial directorship at Command Holdings Limited and a chief financial officer appointment at RMB Properties before he returned to public practice where he has been engaged for the past 15 years

BOARD ATTENDANCE FOR 2019
95%

MEMBER OF THE:

RC

REMUNERATION COMMITTEE

NC

NOMINATION COMMITTEE

SEC

SOCIAL AND ETHICS COMMITTEE

ARC

AUDIT AND RISK COMMITTEE

IC

INVESTMENT COMMITTEE

Acision will continue to enhance its existing portfolio and unlock development profit within its development pipeline.

Annual Financial Statements

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These Annual Financial Statements were prepared by:
D Turner CA(SA) Financial Manager under the supervision of S le Roux CA(SA) Financial Director

These consolidated and separate Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Issued 29 May 2019

AUDIT AND RISK COMMITTEE REPORT

for the year ended 28 February 2019

The Group’s Audit and Risk Committee (“the Committee”) is a committee of the Board of directors (“the Board”). The activities of the Committee are determined by its terms of reference as approved by the Board and its statutory responsibilities as per the South African Companies Act 71 of 2008 (“the Companies Act”).

The purpose of the Committee is to provide the Board and the shareholders with sufficient assurance that their interests are protected in respect of internal controls, financial reporting and risk identification and management. The Committee therefore has a responsibility to ensure that the Group has effective systems in place to ensure adherence to good governance principles as defined in the King Report on Governance for South Africa 2016 (“King IV”); that effective mechanisms are in place to ensure that risks are being identified and managed and that the Group is aware of its legal and regulatory commitments.

One of the key roles of the Committee is to ensure that systems and processes are in place to ensure that assets and liabilities are recorded accurately and fairly in accordance with International Financial Reporting Standards (“IFRS”). The Group has implemented an internal control framework, an internal control function, regular interaction with the external auditor and regular reporting against budgets and prior year results, to comply with this responsibility. Appropriate financial reporting procedures are in place and these are fully operational.

The governance of risk is a key priority for the Board, the Committee and management. The Board who is ultimately responsible for managing risk, has delegated oversight responsibility for risk management to the Committee. Management is responsible for the identification, implementation and management of risks.

The Committee is satisfied that the Chief Financial Officer of the Group, Sandarie le Roux, and the finance function has the necessary expertise and experience to carry out their duties and to meet their responsibilities.

The Committee has recommended to the Board the approval of the Annual Financial Statements for the year ended 28 February 2019.

In accordance with the Audit and Risk Committee Charter, the Board delegated certain duties, responsibilities and authority to the Committee. The matters reviewed and managed by the Committee remains the responsibility of the Board as a whole with the Committee acting on behalf of the Board.

Role of the Committee

The specific roles and responsibilities of the Committee include, but are not limited to:

- reviewing legal and regulatory requirements and adherence thereto;
- ensuring good standards of governance, reporting and compliance are in operation, including the monitoring of adherence to applicable legislation, included but not limited to the Companies Act 71 of 2008, the Income Tax Act, 1952, the Value-added-tax Act 1991 and other applicable legislation;
- the appointment of internal and external auditors and the independence thereof;
- overseeing the internal audit function;
- overseeing the relationship with the external auditor;
- overseeing the effective functioning of the combined assurance process;
- providing the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors to assist them in discharging of their duties;
- reviewing the expertise, qualifications and performance of the finance function;
- overseeing management’s implementation and adherence to accounting policies, reporting and record-keeping standards;
- assessment of the Key Audit Matters;
- reviewing interim and Annual Financial Statements including the Integrated Report;
- reviewing the ability of the Group and Company to continue as a going concern including its solvency and liquidity;
- ensure that significant business, financial and other risks have been identified and are being suitably managed; and
- effective and timely implementation of corrective actions to address any risk management deficiencies.

Membership of the Committee

After the resignation of Mrs S Griesel on 31 July 2018 from the Board and the Audit Committee, Mrs M Hlobo was appointed on 29 October 2018 as the Audit Committee Chair and a Non-Executive director of the Board.

The Committee comprises three independent Non-Executive directors at date of approval of this report. All members of the Committee are suitably skilled and experienced in:

- financial and sustainability reporting;
- internal financial controls;
- internal audit processes;
- external audit processes;
- risk management;
- corporate law;
- information technology governance in relation to integrated reporting; and
- governance processes within the Group.

Members and attendance of the Committee are included in the table below:

Member	Status	Attendance
Modi Hlobo	Independent non-executive director	2/2
Sonja Griesel	Independent non-executive director	2/2
Nicholas Bila	Independent non-executive director	4/5
David Green	Independent non-executive director	4/5

Activities of the Committee during the year

The Committee has an annual work plan, developed from its terms of reference and statutory responsibilities. During the 2018/2019 financial year, the Committee focused on the following three principal areas:

Risk and internal controls	External and internal audit	Accounting, tax and financial reporting
Participated in the annual risk assessment process	Considered and approved the extension of the contract with the outsourced internal auditors	Reviewed and approved the interim and Annual Financial Statements and significant reporting judgements
Considered reports from internal auditors on their assessment of the Group’s internal control	Considered and approved the annual risk-based internal audit scope and budget	Considered the solvency and liquidity of the Group for the basis of recommending the Group’s interim and annual results to the Board for approval
Considered reports from external auditors on their assessment of the Group’s internal control	Considered the level of alignment between the Group’s key risks and the internal audit programme	Reviewed the related disclosures in the Annual Financial Statements
Considered risk matrixes from the risk assessment process as identified and assessed by management and members of the Committee	Considered and recommended the appointment of new external auditors for the 2018/2019 financial year	Considered capital management and gearing ratios
Considered risk management reports on risk management activities and improvement of the residual risk ratings	Considered and approved the audit approach and scope of audit work to be undertaken by the external auditor and the external auditor’s compliance with International Standards on Auditing	Reviewed and approved disclosures in the Integrated Report in relation to controls, principal risks and uncertainties and the work of the Committee
Assessed the effectiveness of the Group’s internal control environment	Considered the independence of the external auditor and their effectiveness as well as considered and approved the audit fees proposed	Considered whether the Chief Financial Officer has appropriate qualifications and experience in the property industry
Considered the Group’s regulatory compliance requirements		
Reviewed and recommended for approval the improvement of the risk management policy and framework		

Significant matters identified and considered by the Committee

After discussions with management and the external auditor, the Committee determined that the key audit matters and primary risks of misstatements of the Group’s Financial Statements related to:

- valuation of Aciopolis;
- valuation of investment properties;
- impairment assessment of the prepayment for the Mall@Maputo; and
- impairment of goodwill.

The matters were discussed continuously during the year and accounting treatments agreed with management, the internal auditors and the external auditor.

AUDIT AND RISK COMMITTEE REPORT (continued)

for the year ended 28 February 2019

Valuation of Acsiopolis

The Audit and Risk Committee had assigned an Independent Property Valuation expert to value the Acsiopolis mixed use property investment. The Audit Committee satisfied itself with the expert's competency, qualification and objectivity. The judgement and valuation methods used by the independent expert are aligned with the industry standards and the Committee was satisfied with the derived investment value.

Similarly, the external auditors contracted their own independent valuation expert to validate Acsiopolis' investment value. They concluded that the model and assumptions used to value the Acsiopolis were appropriate and the value derived by Ascion's independent expert was acceptable being within their valuation range. Refer to Annual Financial Statements note 3 where the inputs together with the sensitivity on inputs are outlined.

Valuation of investment properties

There is significant judgement by the directors in determining the fair value of investment properties. The judgement applied is supported by independent valuations by an experienced valuer. To ensure that the methods used in valuing properties are in line with industry standards, the Committee considered the competence, qualifications, capabilities and objectivity of the independent valuer.

The external auditor made use of their own expert for a selection of properties to evaluate the directors' and their valuer's judgements. They found that the models used for the various property categories were appropriate and the discount and exit capitalisation rates were comparable to the market. Refer to the Annual Financial Statements note 3 where the inputs with the most significant impact on valuations are outlined.

Impairment assessment of the prepayment for the Mall@Maputo

The inputs and assumptions applied by the directors in the impairment calculation were tested entailing the discounting of the potential future income streams of Mall@Maputo at an applicable discount rate, considering rental projections, future construction costs and total costs to turnover ratios. As the value in use of the prepayment exceeded the carrying amount, we concur that no impairment was deemed necessary. Refer to the Annual Financial Statements note 8 on prepayments.

Impairment of goodwill

Goodwill arose as a result of acquisitions by the Group. It is annually assessed for impairment. The Committee considered the goodwill and determined that the assumptions, judgements and disclosure are appropriate with no goodwill being impaired during the 2018/2019 financial year. Refer to the Annual Financial Statements note 7 on goodwill.

Summary

The Committee is satisfied that the Annual Financial Statements appropriately address the critical judgements and key estimates pertaining to the above matters, in respect of both amounts and disclosures, after reviewing the presentations and reports from management and consulting with the external auditor, where necessary. The Committee is also satisfied that the significant assumptions used for determining the value of Acsiopolis, the value of investment properties, goodwill, prepayments and other assets and liabilities have been appropriately examined, questioned and challenged. No material unadjusted errors in the consolidated and separate Annual Financial Statements were noted by the Committee.

Going concern

The Committee considered and assessed the Group and Company's status as a going concern operation in the preparation of the Annual Financial Statements. The Committee and Board are satisfied that the Group and Company have access to adequate resources to continue in operational existence for the next 12 months after a review of the Group's cash flow forecast for the 12 months ending 29 February 2020 and the current financial position. The consolidated and separate Annual Financial Statements have been prepared on the going concern basis.

Internal audit

Acscion maintains internal controls and systems designed to provide reasonable assurance regarding the reliability of the Annual Financial Statements and to protect, verify and maintain accountability for its assets. These controls are implemented by trained individuals with segregated duties and responsibilities.

The internal audit function has been outsourced to MWRK Accountants and Auditors Incorporated, a professional service provider, ensuring that an independent function exists. The function is responsible for preparing and implementing the internal audit plan over a three-year rolling period. The Committee reviewed and approved the plan, incorporating the field work for the ensuing year. The internal audit function operates under the direction of the Committee with approval of the scope of work to be performed. Findings are reported to the Committee on a regular basis and corrective action is taken to address internal control deficiencies identified in the execution of work.

External audit

Deloitte & Touche has been appointed as the external auditor of Acscion and its subsidiaries, in terms of JSE Listing Requirements 3.84 (g). Deloitte & Touche has been the auditors for three years and the engagement partner on the audit is Johan van der Walt. It is the policy of the Group that any non-audit services are approved by the Committee. Deloitte & Touche did not provide any non-audit service during the year under review.

The Audit Committee is satisfied with the audit services provided by Deloitte & Touche and recommend the reappointment as auditors for the year 2019/2020. The auditors' remuneration for the year ended 28 February 2019 amounted to R1.9 million.

The audit firm has issued the relevant letters in terms of IRBA requirements relating to monitoring, procedures and deficiencies to the Audit Committee.

Internal controls

The Group maintains financial, legal compliance and operational systems of internal control to meet the Group's responsibility to provide reliable information. The controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, are properly authorised and recorded and that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal. The systems include a documented organisational structure and division of responsibility, established policies and procedures and the training and development of people.

Risk management

Effective risk management is an integral part in ensuring that the Group's strategic intent and growth targets are met. A risk management policy has been implemented which is reviewed, assessed and amended, where applicable, by the Committee on a regular basis. The risk management charter outlines and prescribes the risk management process and is applicable across the Group and its subsidiaries.

The Board takes ultimate responsibility for risk management and has delegated oversight responsibility to the Committee. Management reports on a regular basis to the Committee to confirm that all potential and emerging risk mitigations have been identified and recorded and furthermore that appropriate action has been taken to mitigate the risk to acceptable levels.

Acscion's risk management is a continuous process and aims to:

- set risk governance structures, roles and responsibilities using a combined assurance approach;
- provide an overview of all risk management procedures;
- clarify the risk management organisational structure, related roles and responsibilities;
- provide guidance related to the key components of an effective risk management initiative;
- provide a bespoke, yet consistent approach to the application of risk management across the Group; and
- ensure that the risk management function is integrated with the business planning processes.

Regulatory compliance

The Committee oversees compliance with accounting standards, financial reporting requirements and legal statutory compliance. The Board receives regular feedback from the Chairpersons of the Committee, the Social and Ethics Committee as well as the Remuneration Committee and Nominations Committee.

A formal process is in place ensuring a mandatory authorisation process for dealings in Acscion shares, disclosure of conflicts of interest, as well as formal levels of authority and delegated signing authorities for business transactions.

Acscion has had no material incidents of non-compliance, penalties or fines issued relating to non-compliance with legal and regulatory requirements. An independent whistleblowing hotline directly to the Committee is available to all employees.

On behalf of the Audit and Risk Committee



M. Hlobo

Audit and Risk Committee Chairman

DIRECTORS’ RESPONSIBILITIES AND APPROVAL

for the year ended 28 February 2019

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate Annual Financial Statements fairly present the state of affairs of Acsion Limited (“Acsion”) and its subsidiaries (“the Group” and “Company”) as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The consolidated and separate Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group and Company’s cash flow forecast for the year to 29 February 2020 and, in light of this review and the current financial position, they are satisfied that the Group and Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate Financial Statements. The consolidated and separate Financial Statements have been examined by the Group’s external auditors and their report is presented on pages 35 to 39.

The consolidated and separate Annual Financial Statements set out on pages 44 to 97, which have been prepared on the going concern basis, were approved by the Board on 29 May 2019 and were signed on their behalf by:

Approval of Financial Statements



D.J. Green
Chairman

Wednesday, 29 May 2019



K. Anastasiadis
CEO

GROUP SECRETARY’S CONFIRMATION

for the year ended 28 February 2019

Declaration by the Group Secretary in respect of section 88(2)(e) of the Companies Act 71 of 2008

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the Group has lodged with the Companies and Intellectual Properties Commission (CIPC) all such returns as are required of a public company in terms of the aforementioned Companies Act and that all such returns are true, correct and up to date.



M. Reynolds
Group Secretary

INDEPENDENT AUDITOR’S REPORT

for the year ended 28 February 2019

To the Shareholders of Acsion Limited
Report on the audit of the consolidated and separate Financial Statements

Opinion

We have audited the consolidated and separate Financial Statements of Acsion Limited (the Group) set out on pages 44 to 97, which comprise the statements of financial position as at 28 February 2019, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate Financial Statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of Financial Statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate Financial Statements of the current period. These matters were addressed in the context of our audit of the consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report with regard to the audit of the separate Financial Statements of the Company for the current period.

Key audit matter	How the matter was addressed in the audit
Valuation of investment property	
As disclosed in Note 3, investment property amounted to R7.4 billion (2018: R6.5 billion) and the fair value adjustment recorded in profit for the year was R837.9 million (2018: R744.8 million).	Our audit procedures included the following: • We assessed the competence, capabilities and objectivity of the directors’ independent valuers, and verified their qualifications. In addition, we discussed the scope of their work with management and reviewed the terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them; • We assessed the experience, competence and capability of the director who performed the other investment property valuations; • We confirmed that the approaches used by the independent valuers and director was in compliance with the IFRS and consistent with industry norms; • We made use of our independent external experts to evaluate a selection of valuations performed by the directors’ external valuers and the director. We, and our independent external valuer, paid particular attention to the valuation models used, the inputs into those models, and the significant assumptions applied;
The Group’s investment property comprised mainly completed developments and developments under construction.	
The key inputs and assumptions applied in the fair value computations for each property vary as a result of the nature of and use of the respective properties.	
The Group uses independent external valuers to determine the fair values for a selection of properties on an annual basis. The properties are valued externally every 3 year cycle. The remaining properties are valued by the directors.	

INDEPENDENT AUDITOR’S REPORT (continued)
for the year ended 28 February 2019

Key audit matter	How the matter was addressed in the audit
Valuation of investment property (continued)	
The valuation of investment properties is dependent on assumptions and judgements such as vacancy rates, expenditure escalation rates, revenue escalation rates, discount rates, cap and exit cap rates. The most significant assumptions thereof relates to the discount rates and exit cap rates, changing any of these assumptions will significantly affect the valuation of the investment property. For the purpose of the audit we identified the valuation of investment property as a key audit matter due to the significance of the balance to the Financial Statements as a whole and the judgements associated with determining the fair value.	• We compared the discount and exit cap rates to that of the November 2018 South African Property Owners Association report; • We also performed an assessment of the relevant controls that the Group has in place pertaining to the valuation of its investment property; and • We performed an assessment on the sensitivity analysis on the significant assumptions to evaluate the extent of the impact on the fair values and assessed the appropriateness of the Group’s disclosures relating to these sensitivities. We found that the valuation models, assumptions and input information to be appropriate. The disclosures pertaining the investment property were found to be appropriate in the consolidated Financial Statements.
Valuation of the Acsiopolis development	
As disclosed in Note 3 and Note 4 to the Financial Statements, the Acsiopolis development amounted to R1.7 billion (2018: R0.7 billion) and the fair value adjustments recorded for the year in respect of Acsiopolis was R608.7 million (2018: R121.7 million). Acsiopolis is currently under construction and will operate as a high rise mixed use building which will include a hotel, with residential units and mixed use commercial. This is the first property development of Acsion that will be in the hotel and residential Industry as opposed to only retail. Acsiopolis has been designed as a 20-storey mixed use development, situated in the Sandton. This development represents the largest single phase development the Group has undertaken to date. The Group uses an independent external valuer to determine the fair value for the property on an annual basis. The valuation is currently under-development is dependent on assumptions and judgements such as achievement of a five star rating, average daily room rates, occupancy rates, net profitability and the cap rate. For the purpose of the audit we identified the valuation of Acsiopolis as a key audit matter due to the significance of the balance to the Financial Statements as a whole and the judgements associated with determining the fair value. There was furthermore a significant amount of audit effort associated with the determination of the fair value.	Our audit procedures included the following: • We assessed the competence, capabilities and objectivity of the Directors’ independent valuer, and verified her qualifications. In addition, we discussed the scope of her work with management and reviewed the terms of engagement to determine that there were no matters that affected her independence and objectivity or imposed scope limitations upon her; • We held meetings with the independent valuer in order to confirm that the approaches used is consistent with the IFRS and industry norms; • We further investigated any changes in assumptions from those applied in the prior year valuations; • We made use of our independent external experts to evaluate the valuation performed by the Directors’ external valuer. We, and our independent external valuers, paid particular attention to the valuation models used, the inputs into those models, and the significant assumptions applied; • We also performed an assessment of the relevant controls that the Group has in place pertaining to the valuation of its property; and • We performed an assessment on the sensitivity analysis on the significant assumptions to evaluate the extent of the impact on the fair values and assessed the appropriateness of the Group’s disclosures relating to these sensitivities. We found that the valuation model to be appropriate, assumptions and input information were found to be at the upper end of our reasonable audit range. The disclosures pertaining the property were found to be appropriate in the consolidated Financial Statements.

Key audit matter	How the matter was addressed in the audit
Impairment assessment of goodwill	
As disclosed in Note 7, the carrying value of goodwill amounted to R625.5 million (2018: R625.5 million). Goodwill originated during the formation of the Acsion Limited Group and represents a premium paid in relation to Anaprop Property Management and represents the amount of value the various shareholders in the restructure transaction were willing to pay in order to internalise the property development, property management and asset management functions within the Group. It furthermore was attributable to the expected future growth as a result of the Group’s current and future developments. In terms of IAS 36: <i>Impairment of Assets</i> (IAS 36), goodwill should be assessed for impairment annually. In order to establish whether an impairment exists, fair value less costs to sell or the value in use should be determined and compared to the net book value of the goodwill. The determination of an impairment is highly subjective as significant judgements are required by the Directors in determining the appropriate cash-generating unit (CGU), future cash flows, and the growth and discount rates. Accordingly, due to the high estimation uncertainty, the impairment assessment of goodwill is considered to be a key audit matter.	Our audit procedures included: • Critically evaluating the determination of the CGU; • Evaluating whether the model used by management to calculate the value in use of the CGU complies with the requirements of IAS 36; • Assessing the assumptions applied and inputs used in the respective models; and • Performing sensitivity analyses on the growth and discount rates. The Directors determined Acsion Group to be the CGU. They further concluded that no impairment is required. Overall we found the model and assumptions applied in the goodwill impairment assessment to be appropriate. We considered the disclosure of the assumptions applied in the goodwill impairment disclosures and found those to be appropriate.
Impairment assessment of the prepayment for Mall@Maputo	
As disclosed in Note 8, the total carrying value of prepayments amounted to R233.3 million (2018: R326.4 million) and comprise, amongst others, R200 million that arose upon formation of the Group to obtain the future development rights to construct Mall@Maputo. Subsequent to the recognition of this prepayment, a Memorandum of understanding (MOU) was entered with the Mozambican government. The Directors included an alternative parcel of land in the contract with the Mozambican government and is about to sign a new contract. This resulted in a delay in the commencement of construction of the project. Due to the fact that the new contract has not yet been signed by the Mozambican government and that no construction has yet taken place on this project, uncertainty arose on whether the prepayment should be impaired in the Financial Statements. IAS 36 <i>Impairment of Assets</i>, requires that an entity assesses at the end of each reporting period whether there is any indication that an asset may be impaired. This assessment of whether there was a need for any potential impairment was complex. Due to the significance of this balance and the high estimation uncertainty associated with it, the impairment assessment of this asset was considered to be a key audit matter.	Considering the potential impairment of the assets, we have included, amongst others, the following procedures: • Considering the Director’s intention to continue with the project; • Evaluating whether the model used by the Directors to calculate the value in use of the prepayment complied with the requirements of IAS 36; • Assessing of inputs and the assumptions used by the Directors in the value in use model in comparison to the prior year; and • Performing sensitivity analyses on the growth and discount rates used within the model. We concur with the Directors’ assessment that no impairment is required. The disclosures in the consolidated Financial Statements pertaining the judgements and assumptions applied by the Directors were found to be sufficient.

INDEPENDENT AUDITOR’S REPORT (continued)
for the year ended 28 February 2019

Other information

The directors are responsible for the other information. The other information comprises the Directors’ Report, the Audit and Risk Committee’s Report and the Group Secretary’s Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate Financial Statements and our auditor’s report thereon.

Our opinion on the consolidated and separate Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate Financial Statements in accordance with International Financial Reporting Standards 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 consolidated and separate Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate Financial Statements, the Directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated and separate Financial Statements

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

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

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

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

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Acsion Limited for three years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Johan van der Walt
Partner

Riverwalk Office Park, Block B
41 Matroosberg Road
Ashlea Gardens
Pretoria
South Africa

29 May 2019

DIRECTORS’ REPORT
for the year ended 28 February 2019

The Directors have the pleasure in submitting their report on the consolidated and separate Annual Financial Statements of Acsion Limited Group for the year ended 28 February 2019.

1. Nature of business

Acsion Limited is an investment entity incorporated in South Africa with interests in the property holding and development industry. The Company does not trade, and all of its activities are undertaken through its principal subsidiaries and associate. The Group operates in South Africa, is developing a mall in Cyprus and is exploring potential opportunities in the rest of Africa.

2. Review of financial results and activities

The consolidated and separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act 71 of 2008.

Revenue for the Group for 2019 was R653.4 million (2018: 586.5 million). The increase was mainly due to Mall@55 being operational for a complete year compared to only five months in the prior year. Other income supplemented rental revenue by R9.3 million (2018: R8.2 million).

Operating expenses increased by 0.3% (2018: 9.0% increase). Factors contributing to the low increase included renegotiating with contractual suppliers as well as an overall focus on cost savings throughout operations.

The increase in finance cost from R56.9 million in 2018 to R61.7 million in 2019 can mainly be attributed to the change in the prime lending rate. The Group continues to aggressively manage its cash resources.

The financial position of the Group remains very strong. Investment property (which includes elements of plant and equipment and the operating lease asset) is carried at R8.3 billion (2018: R6.7 billion). Non-current asset held for sale previously carried at R52.4 million was transferred back to Investment Property. Total property under control of the Group therefore increased by a respectable 23.9% year on year.

Prepayments consist of two developments acquired during the formation of the Group, known as Acsiopolis and Mall@Maputo. Details of these projects can be found in note 8. With the construction industry under pressure, Acsiopolis has made significant progress despite experiencing delays. The Group is still delaying Mall@Maputo until feasible to commence. These delays are in management’s opinion welcomed to some extent as the economy in Mozambique is not as strong as what management would have liked it to be. Management however continues to work on this project to bring it to finalisation as it firmly believes that this development meets the investment criteria for the Group. Acsiopolis and the development in Larnaca will be the Group’s main focus areas during the 2020 financial year.

Goodwill equates to R625.5 million (2018: R625.5 million) relating to the premium paid by shareholders to secure participation in the development pipeline as well as to receive the value attributable to internalising the property development and property management functions performed by Southern Palace Investments 108 Proprietary Limited within the Group upon listing. As at year end no impairment was required.

Net asset value per share (excluding deferred tax) for the year ended 28 February 2019 equated to 2 084.53c (2018: 1 815.83c) representing a 14.8% growth year on year. NAV is used as the measure for trading statement purposes.

Table with 2 columns: 2019 Number of shares '000, 2018 Number of shares '000

3. Share capital
Authorised

Table with 2 columns: 2019 Number of shares '000, 2018 Number of shares '000

Table with 4 columns: 2019 R'000, 2018 R'000, 2019 Number of shares '000, 2018 Number of shares '000

Refer to note 17 for details of the movement in issued share capital.

4. Authority to buy back shares

At the last Annual General Meeting (“AGM”) held on Tuesday, 31 July 2018, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 48 of the Companies Act 71 of 2008, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next AGM, the shareholders will be asked at that meeting to consider a special resolution to renew this general authority until the next AGM.

A total of 239 143 (2018: 611 851) shares were repurchased during the current year in terms of this authority bringing the total treasury shares held to 1 577 193. These shares have been purchased by Southern Palace 108 Proprietary Limited at an average price of R6.47 per share.

5. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act 71 of 2008. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 20% of the Company’s issued share capital, under the control of the directors until the next AGM.

6. Proposed dividend

The Company’s policy as per the listing statement was not to declare any dividends for a period of five years but to reinvest all profits and return capital growth to the shareholders. The Board revisited this decision considering the capital funding requirements for the development pipeline in the foreseeable future as well as the impact on solvency and liquidity.

After taking the above into consideration the Board did not propose any dividend for the year ending 28 February 2019.

7. Insurance and risk management

The Group follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the Group’s insurance brokers. All risks pertaining to assets and substantial potential liabilities are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

8. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality	Changes
D.J. Green	Chairperson and Nominations Committee Chair	Non-executive Independent	South African	
K. Anastasiadis	Chief Executive Officer	Executive	Greek	
P.D. Sekete	Director – Social and Ethics Committee Chair	Non-executive Independent	South African	
M. Hlobo	Director – Audit Committee Chair	Non-executive Independent	South African	Appointed Monday, 29 October 2018
S. Griesel	Director – Audit Committee Chair	Non-executive Independent	South African	Resigned Tuesday, 31 July 2018
T.S.B. Jali	Director – Remuneration Committee Chair	Non-executive Independent	South African	
S. le Roux	Chief Financial Officer	Executive	South African	
H.N. Bila	Director – Audit Committee member	Non-executive Independent	South African	

Mrs S. Griesel resigned as an Independent non-executive director effective Tuesday, 31 July 2018. Mrs M. Hlobo was appointed on Monday, 29 October 2018 to succeed Mrs S. Griesel.

9. Directors’ interests in shares

As at 28 February 2019, the directors’ of the Company held direct and indirect beneficial interests in 75.75% of its issued ordinary shares, as set out below.

	2019 Direct number of shares	2018 Direct number of shares	2019 Indirect number of shares	2018 Indirect number of shares
K. Anastasiadis	7 487 522	7 306 429	290 867 136	290 867 136
P.D. Sekete	–	–	523 995	523 995
T.S.B. Jali	–	–	500 694	500 694
	7 487 522	7 306 429	291 891 825	291 891 825

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

10. Directors’ interests in contracts

Any substantial related party contracts entered into by the Group, are discussed and approved in principle at Board level without attendance of the relevant related director. During the 2019 financial year, K Anastasi Project Proprietary Limited of which K. Anastasiadis is the sole member, undertook various projects such as a Burger King (Mall@Carnival), Planet Fitness (Mall@Carnival), structural repairs (Hyde Park Terrace), access road construction (Mall@55) and rebuilding the damaged portion of Mall@Emba after the protest action which took place during June 2018. During the 2018 financial year K Anastasi Project Proprietary Limited completed construction of Mall@55 and participated in the Acsiopolis development. Refer to note 34 in the Annual Financial Statements for further detail regarding the transactions with related parties.

11. Investment property and plant and equipment

At 28 February 2019, the Group’s additional investment in investment property and plant and equipment amounted to R390.0 million (2018: R409.8 million). Depreciation on plant and equipment of R27.5 million (2018: R23.9 million) was recorded for the period.

12. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the Group are unlimited. However, all borrowings by the Group are subject to Board approval as required by the Board delegation of authority.

13. Special resolutions

A general authority was given to the Board to repurchase shares in the Company subject to the requirements of the Companies Act 71 of 2008. This authority was given in terms of a special resolution passed at the AGM held on Tuesday, 31 July 2018.

Other special resolutions passed at the last Annual General Meeting included:

- **The approval of non-executive directors’ remuneration in terms of section 66 of the Companies Act.**
The non-executive directors’ fees were approved.
- **The approval of financial assistance to related and inter-related parties in accordance with section 45 of the Companies Act.**
The special resolution was approved. Financial assistance was granted only to Group companies throughout the year either to complete construction of investment properties, enhancing of investment properties or the managing of cash resources across the Group. There was no financial assistance to any director of the Group during the financial year.
- **Acquisition of ordinary shares issued by the company in terms of sections 46 and 48 of the Companies Act.**
The special resolution was approved to enable the company and it’s subsidiary to participate in share repurchase transactions.

14. Events after the reporting period

A dispute is ongoing with the main contractor for the construction of Acsiopolis. The dispute is in regards to delays and penalties on the construction. The outcome of the dispute is currently uncertain.

The Directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

15. Going concern

The directors believe that the Group and Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate Annual Financial Statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group and Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company. 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 and Company.

The directors are satisfied that the Group and Company have access to adequate resources to continue in operational existence for the next 12 months after a review of the Group’s cash flow forecast for the 12 months ending 29 February 2020 and the current financial position. For liquidity purposes, the Group and Company also satisfies itself that the current assets exceed the current liabilities.

16. Litigation statement

The Group becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business.

A dispute is ongoing with the main contractor for the construction of Acsiopolis. The dispute is in regards to delays and penalties on the construction. The outcome of the dispute is currently uncertain.

17. Auditors

Deloitte & Touche was appointed as auditor for the Group for 2019.

At the AGM, the shareholders will be requested to reappoint Deloitte & Touche as the independent external auditor of the Group and to confirm Mr Johan van der Walt as the designated lead audit partner in the 2020 financial year.

18. Secretary

The Company Secretary is Mr Michael Reynolds of MWRK Accountants and Auditors Incorporated.

Business address: 19 Edward Street
Westdene
Benoni
1501

STATEMENTS OF FINANCIAL POSITION

as at 28 February 2019

		GROUP		COMPANY	
	Notes	2019 R'000	2018 R'000	2019 R'000	2018 R'000
ASSETS					
Non-current assets					
Investment property	3	7 409 903	6 468 041	–	–
Property, plant and equipment	4	671 533	76 503	–	–
Operating lease asset	5	143 641	139 182	–	–
Goodwill	7	625 464	625 464	–	–
Prepayments	8	233 296	326 429	–	–
Investments in subsidiaries	9	–	–	3 910 682	3 910 682
Investments in associates	10	1 541	1 471	–	–
Other financial assets	11	5 432	6 847	–	–
Deferred tax	18	24 352	23 872	–	235
		9 115 162	7 667 809	3 910 682	3 910 917
Current assets					
Operating lease asset	5	13 144	2 138	–	–
Current tax receivable		2 504	525	194	–
Loans to Group companies	12	1 699	899	483 613	583 828
Trade and other receivables	14	72 010	24 401	4 582	4 560
Loans to shareholders	13	4 053	4 053	–	–
Cash and cash equivalents	15	74 612	212 680	109	155
		168 022	244 696	488 498	588 543
Non-current assets held for sale	16	–	52 418	–	–
Total assets		9 283 184	7 964 923	4 399 180	4 499 460
EQUITY AND LIABILITIES					
Equity					
Share capital	17	3 968 078	3 969 625	3 979 956	3 979 956
Reserves		22 567	–	–	–
Retained income/(Accumulated loss)		2 828 881	2 006 548	(146 388)	(47 408)
Equity attributable to equity holders of parent		6 819 526	5 976 173	3 833 568	3 932 548
Non-controlling interest	40	55 565	41 122	–	–
		6 875 091	6 017 295	3 833 568	3 932 548
LIABILITIES					
Non-current liabilities					
Deferred tax	18	1 405 014	1 195 221	–	–
Other financial liabilities	19	630 004	643 861	560 573	560 490
Lease obligation	20	209 588	–	–	–
		2 244 606	1 839 082	560 573	560 490
Current liabilities					
Loans from shareholders	13	3 151	–	–	–
Other financial liabilities	19	23 453	23 284	–	–
Provisions	21	3 767	3 174	–	717
Trade and other payables	22	128 270	65 773	4 940	4 461
Current tax payable		4 747	16 282	–	1 211
Dividend payable		99	33	99	33
		163 487	108 546	5 039	6 422
Total liabilities		2 408 093	1 947 628	565 612	566 912
Total equity and liabilities		9 283 184	7 964 923	4 399 180	4 499 460

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Notes	GROUP		COMPANY	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
Revenue	23	653 351	586 490	–	–
Other operating income	24	9 345	8 215	8 817	9 658
Other operating expenses		(224 223)	(223 545)	(8 750)	(10 206)
Operating profit/(loss)	25	438 473	371 160	67	(548)
Investment income	26	13 917	27 793	49 147	43 656
Finance costs	27	(61 654)	(56 915)	(49 219)	(43 657)
Profit from associate		70	321	–	–
(Loss)/profit on sale of non-current assets held for sale		(68)	783	–	–
Fair value adjustments	28	837 877	744 785	–	–
Profit/(loss) before taxation		1 228 615	1 087 927	(5)	(549)
Taxation	29	(293 439)	(264 310)	(235)	–
Profit/(loss) for the year		935 176	823 617	(240)	(549)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on property revaluation		30 347	–	–	–
Income tax relating to items that will not be reclassified		(6 798)	–	–	–
Total items that will not be reclassified to profit or loss		23 549	–	–	–
Other comprehensive income for the year net of taxation					
		23 549	–	–	–
Total comprehensive income/(loss) for the year		958 725	823 617	(240)	(549)
Profit/(loss) attributable to:					
Owners of the parent		920 734	814 462	(240)	(549)
Non-controlling interest		14 442	9 155	–	–
		935 176	823 617	(240)	(549)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		944 283	814 462	(240)	(549)
Non-controlling interest		14 442	9 155	–	–
		958 725	823 617	(240)	(549)
Earnings per share					
Basic and diluted earnings per share (cents)	30	233.93	206.76	–	–
The following information does not form part of the Statement of Profit or Loss and Other Comprehensive Income or the Statement of Financial Position:					
Headline earnings per share (cents)	30	71.73	61.81	–	–
Proposed dividend per share (cents)	30	–	25.00	–	–
Net asset value per share (cents)	30	1 733.56	1 518.25	–	–
Net asset value per share excluding deferred tax (cents)	30	2 084.53	1 815.83	–	–

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2019

	Share capital R'000	Treasury shares R'000	Total share capital R'000	Foreign currency translation reserve R'000	Revaluation reserve R'000	Total reserves R'000	Retained income/(accumulated loss) R'000	Total attributable to equity holders of the Group/ Company R'000	Non-controlling interest R'000	Total equity R'000
GROUP										
Balance at 1 March 2017	3 979 956	(6 231)	3 973 725	–	–	–	1 241 456	5 215 181	31 967	5 247 148
Total comprehensive income for the year – restated	–	–	–	–	–	–	814 462	814 462	9 155	823 617
Purchase of treasury shares	–	(4 100)	(4 100)	–	–	–	–	(4 100)	–	(4 100)
Dividends paid	–	–	–	–	–	–	(49 370)	(49 370)	–	(49 370)
Balance at 1 March 2018	3 979 956	(10 331)	3 969 625	–	–	–	2 006 548	5 976 173	41 122	6 017 295
Total comprehensive income for the year	–	–	–	–	23 549	23 549	920 734	944 283	14 442	958 725
Purchase of treasury shares	–	(1 547)	(1 547)	–	–	–	–	(1 547)	–	(1 547)
Dividends paid	–	–	–	–	–	–	(98 401)	(98 401)	–	(98 401)
Foreign currency translation	–	–	–	(982)	–	(982)	–	(982)	–	(982)
Balance at 28 February 2019	3 979 956	(11 878)	3 968 078	(982)	23 549	22 567	2 828 881	6 819 526	55 565	6 875 091
Notes	17	17	17							
COMPANY										
Balance at 1 March 2017	3 979 956	–	3 979 956	–	–	–	2 511	3 982 467	–	3 982 467
Loss for the year	–	–	–	–	–	–	(549)	(549)	–	(549)
Total comprehensive loss for the year	–	–	–	–	–	–	(549)	(549)	–	(549)
Dividends paid	–	–	–	–	–	–	(49 370)	(49 370)	–	(49 370)
Balance at 1 March 2018	3 979 956	–	3 979 956	–	–	–	(47 408)	3 932 548	–	3 932 548
Loss for the year	–	–	–	–	–	–	(240)	(240)	–	(240)
Dividends paid	–	–	–	–	–	–	(98 740)	(98 740)	–	(98 740)
Balance at 28 February 2019	3 979 956	–	3 979 956	–	–	–	(146 388)	3 833 568	–	3 833 568
Notes	17	17	17							

STATEMENTS OF CASH FLOWS

for the year ended 28 February 2019

		GROUP		COMPANY	
	Notes	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Cash flows from operating activities					
Cash generated by/(used in) operations	31	511 922	376 547	(193)	3 039
Investment income received		13 917	23 234	49 147	43 656
Finance costs paid		(61 283)	(56 915)	(49 219)	(43 657)
Taxation paid	41	(104 438)	(73 087)	(1 405)	–
Net cash from/(used in) operating activities		360 118	269 779	(1 670)	3 038
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(36 845)	(25 001)	–	–
Proceeds on sale of plant and equipment		–	260	–	–
Development costs relating to investment property	3	(353 161)	(384 807)	–	–
Decrease of financial assets		1 415	6 008	–	–
Proceeds on sale of non-current assets held for sale		3 264	17 204	–	–
Net cash used in investing activities		(385 327)	(386 336)	–	–
Cash flows from financing activities					
Purchase of treasury shares	17	(1 547)	(4 100)	–	–
Proceeds from other financial liabilities		(13 688)	366 095	83	415 239
Proceeds of loans from shareholders		3 151	–	–	–
Finance lease payments		(286)	–	–	–
Finance cost		(372)	–	–	–
Dividends paid	42	(98 335)	(49 337)	(98 674)	(49 337)
Proceeds of loans from Group companies		–	52	100 215	–
Advance of loans to associate and Group companies		(800)	–	–	(369 017)
Net cash (used in)/from financing activities		(111 877)	312 710	1 624	(3 115)
Total cash movement for the year		(137 086)	196 153	(46)	(77)
Cash at the beginning of the year		212 680	16 527	155	232
Effect of exchange rate movement on cash balances		(982)	–	–	–
Total cash at end of the year	15	74 612	212 680	109	155

ACCOUNTING POLICIES

for the year ended 28 February 2019

Corporate information

Acsion Limited and its subsidiaries is a public company incorporated and domiciled in South Africa.

The consolidated and separate Annual Financial Statements for the year ended 28 February 2019 were authorised for issue in accordance with a resolution of the directors on Wednesday, 29 May 2019.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate Annual Financial Statements are set out below.

1.1 Statement of compliance

The consolidated and separate Annual Financial Statements for the year ended 28 February 2019, have been prepared by D Turner CA(SA), Financial manager of Acsion Limited ("Acsion") under the supervision of S le Roux CA(SA), Financial Director of Acsion Limited ("Acsion"). The principal accounting policies of Acsion and its subsidiaries ("the Group") as well as the disclosures made in the consolidated and separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the Companies Act, 71 of 2008 ("Companies Act") applicable to companies reporting under IFRS and the JSE Listings Requirements.

1.2 Basis of measurement

The consolidated and separate Annual Financial Statements have been prepared on the historical cost basis, except for the revaluation to fair value of investment property, as well as financial instruments measured at amortised cost. The consolidated and separate Annual Financial Statements are presented in South African Rands, which is the Group and Company's functional and presentation currency.

The consolidated and separate Annual Financial Statements have been prepared on the going concern basis.

The preparation of the consolidated and separate Annual Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate Annual Financial Statements, are disclosed in note 1.6.

These accounting policies are consistent with the previous period, except for adopting IFRS 9, IFRS 15 and IFRS 16 as set out in note 43.

1.3 Consolidation

Basis of consolidation

The consolidated Annual Financial Statements incorporate the financial results of the Company and all subsidiaries and associates up to 28 February 2019.

Non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

Non-controlling interest is measured at the proportionate share of the interest in the subsidiary.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Goodwill

Goodwill is determined as the fair value of consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is subsequently measured at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to a cash-generating unit ("CGU") that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Goodwill is not amortised but is tested on an annual basis for impairment or more frequently if events or changes in circumstances indicate a potential impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.4 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are entities (including structured entities) which are controlled by the Group. The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through using its power over the entity.

The results of subsidiaries are included in the consolidated Annual Financial Statements from the effective date of acquisition to the effective date of disposal.

Intergroup loan balances are measured at amortised cost under the IFRS 9 business model assessment.

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

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in other comprehensive income. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities.

1.5 Investments in associates

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statements of Financial Position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The cumulative post-acquisition movements in profit/loss and other comprehensive income are adjusted against the carrying amount of the investment in the consolidated Group Financial Statements.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.6 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate Annual Financial Statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by the directors in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the Financial Statements, are outlined as follows:

Key sources of estimation uncertainty and judgement

Investment property fair value estimation

The investment property is not traded in an active market and as such the fair value is determined by using valuation techniques. The Group uses a number of methods and makes assumptions based on existing market conditions at reporting year end.

The fair values of the investment properties were determined partially by an independent external valuer and partially by the directors. Directors are therefore of the opinion that any risk relating to estimation uncertainty regarding the fair valuation of the investment properties is mitigated. Refer to accounting policy 1.7 and note 3 investment property for a summary of valuation techniques applied.

Impairment testing of goodwill (estimation)

The Group reviews and tests the carrying value of goodwill annually for impairment. Assessing whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and an appropriate discount rate in order to calculate present value.

Value in use is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates. To calculate the net present value of the future cash flows assumptions need to be made regarding uncertain matters. This includes the directors' expectation of the future cash flows used as an input in the discounted cash flow valuation, a long term growth rate and the appropriate growth rate that would reflect the risks involved. Refer to note 7 for the parameters used in the determination of the appropriate discount rate.

Recognition and impairment of prepayments (judgement and estimation)

Prepayments are initially recognised at cost and subsequently measured at fair value. Prepayments are tested for impairment annually or when there are indicators that the prepayments may be impaired. Prepayments originated during the forming of the Group.

The prepayments are assessed for impairment by fair valuing the cash flows of the developments it relates to. The cash flows are determined based on the directors' best estimate of rental income that will be obtained and assumptions regarding the operating costs associated with the development with reference to the Group's existing developments. Discount rates are adjusted accordingly to compensate for risk associated with the uncompleted development. When the fair value is higher than the carrying amount of the prepayment, the prepayment is amortised to investment property based on the development cost incurred during the year as a proportion of the entire expected development cost. This amortisation of the prepayment reduces the fair valuation adjustment of such a development and reduces the fair valuation adjustment accounted for in profit and loss. If the fair valuation of the development is lower than the carrying amount of the prepayment, the prepayment is impaired to the fair valuation estimate of the development and it is accounted for in profit and loss.

Refer to note 8 for the parameters used in the determination of the appropriate discount rate.

1.7 Fair value measurement

The Group measures investment properties at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on the above basis, except for leasing transactions that are within the scope of IAS 17 Leases, and the measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of Assets.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between the Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.8 Investment property

Initial measurement

Investment property is initially recognised at cost, including transaction costs. Initial costs include property and equipment ("i.e. leased property installations") and operating lease assets as contained in notes 4 and 5 respectively. Refer to note 6 for all significant components of investment property.

The cost of tenant installations is capitalised and expensed through the statement of comprehensive income over the initial lease period.

- Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:
- Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
 - Commencement of development with a view to sell, for a transfer from investment property to inventories;
 - End of owner-occupation, for a transfer from owner-occupied property to investment property; or
 - Commencement of an operating lease to another party, for a transfer from inventories to investment property.

When the use of a property changes from held-for-sale to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain or loss arising on this re-measurement is recognised in profit or loss.

Subsequent measurement

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

For completed investment property the Group measures investment property at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

For investment property under construction, for which cash flows cannot be reliably estimated as at financial year end, alternative factors that are deemed appropriate by management is taken into consideration when performing the valuation. Management is of the opinion that a cash flow based valuation will only be considered when the development is more than 25% constructed and less than a year away from opening. Properties falling into this category is generally valued at a market value of land plus any development cost incurred to date. As soon as the quantum and timing of cash flows related to the development can reasonably be determined, a discounted cash flow valuation is performed.

If the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed.

1.8 Investment property (continued)

Subsequent measurement (continued)

The Group uses discounted cash flow and income capitalisation valuation techniques when fair valuing all other investment property.

External valuer(s) is involved in the valuation of a selection of investment properties. Involvement of the external valuer(s) is decided upon annually by the Financial Director after discussion with and approval by the Group’s Board of Directors. The selection criteria of selecting an external valuer, include market knowledge, reputation, independence and whether professional standards are maintained. The Financial Director after discussions with the company’s external valuer, assesses the reasonableness of the inputs used in the valuation model for each of the investment properties.

Investment property (note 3), plant and equipment relating to leased property installations (note 4) and operating lease assets (note 5), which cumulatively equals the valuation by the internal or independent valuer forms the value of investment property as a whole. Plant and equipment relating to leased tenant installations and operating lease asset forms an integral part of investment property although separately disclosed. The value of investment property is therefore the cumulative value of the amounts disclosed in notes 3, 4 and 5 (disclosed in note 6).

Plant and equipment relating to leased property installations (note 4) is generally depreciated over the shorter of the lease term or usable period. Such installations generally relates to shop fitouts or an allowance paid to the tenant towards shop fitouts to make the development more attractive to its customer base.

Derecognition

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss in the period of the retirement or disposal.

1.9 Property, plant and equipment

Initial measurement

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets where appropriate.

Investment property rented to a parent, subsidiary, or fellow subsidiary is considered to be owner occupied from a Group perspective and is disclosed as property, plant and equipment. Such an asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably (revaluation model).

When an asset is transferred from investment property, it is remeasured to fair value.

Subsequent measurement

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset’s carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset’s economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Leased property installations	Straight line	3 – 10 years (refer note 1.8)
Plant and equipment	Straight line	5 – 6 years
Furniture and fixtures (including office equipment)	Straight line	5 – 6 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years
Hotel and other equipment	Straight line	3 – 20 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

Under the revaluation model, revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date.

If an item is revalued, the entire class of assets to which that asset belongs should be revalued. Revalued assets are depreciated in the same way as under the cost model.

If a revaluation results in an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading “revaluation surplus” unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it should be recognised in profit or loss.

A decrease arising as a result of a revaluation should be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through profit or loss.

1.10 Financial instruments

Recognition and off-setting

Financial instruments are recognised in the statement of financial position when the Group becomes party to the contractual provisions of the instrument. Any gains or losses on these instruments do not affect distributable earnings. Financial assets and liabilities are initially measured at cost plus any transaction costs (other than financial instruments that are classified at fair value through profit or loss where the transaction costs incurred are immediately expensed in profit or loss). Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, financial assets at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

The business model of Acsion is to collect contractual cash flows on the financial assets in which it invests, which includes working capital balances such as cash and receivables.

The financial assets of the Group are classified as follows:

- Trade and other receivables are classified at amortised cost, as they give rise to sole payments of principal and interest on the principal amount outstanding.
- Other financial assets are classified either at fair value through profit or loss, or amortised cost

The Group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Purchases and sales of financial assets are accounted for at trade date being the date that the Group commits itself to purchase or sell the asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition. Financial liabilities at fair value through profit or loss include all instruments classified as held-for-trading and those instruments designated as held at fair value through profit or loss. These instruments are initially recorded at fair value with changes in fair value subsequently recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The financial liabilities of the Group are classified as follows:

- Interest-bearing borrowings are classified at amortised cost
- Trade and other payables are classified as other financial liabilities
- Other financial liabilities are classified either as at fair value through profit or loss or as other financial liabilities in consideration of the nature of the transaction.

The Group derecognises a financial liability when the Group's obligations specified in the contract expire or are discharged or cancelled. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of financial instruments

The Group applies the IFRS 9 expected credit loss (ECL) impairment model which allows for more timely recognition of credit losses. This is applied to financial assets measured at amortised cost. The ECL model separates the assessment for impairment requirements into three stages:

- (1) On origination of the financial instrument, 12 month ECLs are recognised.
- (2) If the credit risk increases significantly and resulting credit quality is not considered low risk, full lifetime ECLs are recognised.
- (3) If the credit risk increases and the asset is considered impaired, full lifetime ECLs are recognised, as in stage 2.

An impairment loss is calculated as the difference between the asset's carrying value and the present value of the estimated future cash inflows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. Impairment losses have been recognised on inter-company liabilities as this is payable on demand with no interest.

1.11 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except

- To the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised:

- When it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax on investment property at fair value model are presumed to recover through the sale of the investment properties.

Income tax expenses

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

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income or items that are credited or changed, in the same period or a different period, directly in equity then the tax is also recognised in other comprehensive income or charged or credited directly to equity respectively.

1.12 Leases

Lessee

To the extent that a right-of-control exists over an asset subject to a lease, with a lease term exceeding one year, a right-of-use asset, representing the Group's right to use the underlying leased asset, and a lease liability, representing the Group's obligation to make lease payments, are recognised in the combined and consolidated statement of financial position at the commencement of the lease.

The right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required in terms of the lease. Depreciation is charged to the combined and consolidated income statement so as to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the right-of-use asset meets the definition of Investment Property, it is dealt with in terms of accounting policies 1.7 and 1.8. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchase options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the combined and consolidated income statement over the period of the lease.

Lease expenses for leases with a duration of one year or less and low-value assets are charged to the combined and consolidated income statement when incurred. Low-value assets are determined based on qualitative and quantitative criteria.

Transitional application

The Group has elected to early adopt IFRS 16, "Leases", with effect from 1 March 2018, with the retrospective transitional option per IFRS 16 C5 (a), applying IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". The Group has elected to apply the practical expedient per IFRS 16 C3, such that the IFRS 16 definition of a lease would only be applied to assess whether contracts entered into after the date of initial application are, or contain, leases. All contracts previously assessed not to contain leases have not been reassessed.

1.13 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated while it is classified as held for sale, or while it is part of a disposal Group classified as such.

Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale are recognised in profit or loss.

All non-current assets held for sale that ceased to meet the requirements in terms of IFRS 5 were reclassified back to Investment Property, refer note 16 for details.

1.14 Impairment of assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.15 Provisions and contingencies

Provisions are not recognised for future operating losses.

Provision for legal fees

Legal fees are provided for only when there is a present obligation for fees to legal council preparing for litigation. The provision is utilised as and when the costs are incurred by council.

Provision for audit fees

Audit fees are provided/accrued at year end based on services rendered by the auditors. No provision is made for services still to be rendered in terms of the signed engagement letter.

Provision for marketing fund fees

The Group has an obligation to appropriate funds received from generally non-national tenants in accordance with their lease agreements, towards marketing expenses. Contributions are received from tenants on a monthly basis and is not included in the Group's income. The Group, through its managing agent, employs marketing staff who is responsible for the marketing and event management of each investment property. These employees will incur marketing expenses and the funds received from the tenants are appropriated towards these marketing events. Funds not spent during the financial year is kept to be spent in the next financial year.

Should funds received from tenants not be sufficient to cover the marketing expenses, the Group may consider to make a contribution for the benefit of the investment property. Such a contribution is not provided for but accounted for in profit and loss in the year. Marketing employees' salaries are covered by the Group and not by the marketing fund contributions received from tenants.

Contingent assets and contingent liabilities are not recognised but only disclosed. Contingencies are disclosed in note 33.

1.16 Revenue from contracts with customers

Revenue from the letting of investment property comprises gross rental income and recoveries of fixed operating costs, net of value added tax. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Recoveries of costs from lessees, are separately disclosed under revenue in the “utility cost recovery” line and the associated costs are disclosed under operating expenditure. Rental income from lease agreements is not within the scope of IFRS 15.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

Other income consists mainly of administration fees and early lease cancellation fee as well as certain cost recoveries. Other income is recognised in profit and loss. Other income is recognised in terms of the lease agreements which states that administration fees can be charged to the tenant immediately when payment of rental is overdue and early lease cancellations fees can be charged to the tenant upon early cancellation.

Revenue from contracts with customers arises from transactions not associated with financial instruments, or investment properties. Revenue is recognised either when the performance obligation has been satisfied (“point in time”) or as control of the goods or service is transferred to the customer (“over time”). This requires an assessment of the Group’s performance obligations and of when control is transferred to the customer.

Where revenue is recognised over time, performance obligation over time, the Group applies a revenue recognition method that faithfully depicts the Group’s performance in transferring control of the service to the customer. Due to the nature of the Group’s business, the majority of its revenue from customers is considered to be recognised “over time”.

If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time. Revenue from hotel operation sales is included in this category. This is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits over the life of the contract as services are rendered.

For each, revenue is measured based on the consideration specified in contracts with customers. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the Group considers both the likelihood and the magnitude of the potential revenue reversal.

The Group has applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18, IAS 11 and related interpretations.

Details related to the nature and measurement of revenue are set out below:

Revenue	Description	Nature, timing of satisfaction of performance obligations and measurements
Fee revenue	Management fees on assets under management, and property development fees.	Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreement. Development fees are recognised over the period of the contract based on percentage of completion as obtained from quantity surveyors.
Municipal recoveries	Recovering operating costs, such as utilities, from tenants.	Utility recoveries are recognised over the period for which the services are rendered.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits includes salaries and bonuses and other payments which will be paid within 12 months. The cost of the employee benefits are recognised in the period the employee rendered the services.

Employee benefits are recognised at cost. The accrual of annual leave represents the liability the Group has to pay as at year end for unclaimed benefits accrued to the employee.

1.18 Treasury shares

Treasury shares are held as other financial assets and is initially recognised at cost and subsequently measured at fair value. Treasury shares are acquired by the managing agent of the Group and cancelled on consolidation to reflect the shares in issue held by external shareholders.

Fair value measurement takes place at the end of each reporting period and is based on the closing share price.

1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of investment property are capitalised as part of the cost of that asset until such time as the investment property is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as actual borrowing costs on funds specifically borrowed for the purpose of obtaining the investment property less any income from the temporary investment of those borrowings.

The capitalisation of borrowing costs commences when:

- expenditures for the investment property have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the investment property for its intended use.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the investment property for its intended use are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate Annual Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated and separate Annual Financial Statements are presented in Rand which is the Group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying the average exchange rates for the month in which they occur where these approximate the rates on the dates of the underlying transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate on reporting date;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate Annual Financial Statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2019

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/interpretation	Effective date: Years beginning on or after	Expected impact
IFRS 9 Financial Instruments	1 January 2018	The adoption of this standard has not had a material impact on the results of the company, but has resulted in change in category as per note 32. Reclassification of financial assets into the IFRS 9 categories has had no overall impact on their respective measurement basis.
IFRS 15 Revenue from Contracts with Customers	1 January 2018	The adoption of this standard has not had any material impact on the results of the company.
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018	The impact of the standard is not material.
Amendments to IAS 28: Annual Improvements to IFRS 2014 – 2016 cycle	1 January 2018	The impact of the standard is not material.
Amendments to IFRS 1: Annual Improvements to IFRS 2014 – 2016 cycle	1 January 2018	The impact of the standard is not material.
Transfers of Investment Property: Amendments to IAS 40	1 January 2018	The impact of the standard is not material.
Foreign Currency Transactions and Advance Consideration	1 January 2018	The impact of the standard is not material.
Amendments to IFRS 4: Insurance Contracts	1 January 2018	The impact of the standard is not material.
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	The impact of the standard is not material.

2.2 Standards and Interpretations early adopted

The Group has chosen to early adopt the following standards and interpretations:

Standard/interpretation	Effective date: Years beginning on or after	Expected impact
IFRS 16 Leases	1 January 2019	The Group has elected to early adopt the Standard with the following implications: IFRS 16 removes the distinction between operating and finance leases by requiring a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset (Cyprus land lease meeting the definition of investment property), and a lease liability representing its obligation to make lease/rental payments. Thus, leases currently classified as operating leases (with lease payments currently recorded against profit and loss) will be included in the consolidated statement of financial position. The new treatment of leases will result in an increase in investment property (which will be revalued annually through profit and loss in terms of IAS 40) and financial liabilities as these leases are capitalised. This will also result in an increase in finance charges which will decrease as the remaining liability decreases over time.

2.3 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group’s accounting periods beginning on or after 1 March 2018 or later periods:

Standard/interpretation	Effective date: Years beginning on or after	Expected impact
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019	Unlikely there will be a material impact.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2019

	GROUP	
	Carrying value 2019 R'000	Carrying value 2018 R'000
3. Investment property		
Investment property at fair value	7 409 903	6 468 041

Reconciliation of investment property – Group – 2019

	Opening balance	Additions	Right of use asset (Note 20)	Transfers from pre-payment (Note 8)	Classification from non-current assets held for sale (Note 16)	Transfer of investment property to Property, Plant and Equipment (Note 4)	Transfer of investment property to insurance claim receivable (Note 14)	Fair value adjustments (Note 28)	Total
Investment property	6 468 041	353 161	209 874	93 133	55 900	(555 321)	(45 951)	831 066	7 409 903

Reconciliation of investment property – Group – 2018

	Opening	Additions	Transfers from pre-payment (Note 8)	Fair value adjustments	Total
Investment property	5 316 335	384 807	24 315	742 584	6 468 041

Properties are fair 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. A property will be externally valued at least once every three years. For the year ended 28 February 2019 the property valuations performed were done as follows:

Independent valuers

Acsiopolis (Lomastep Proprietary Limited)
Mall@Carnival (Golden Falls Trading 125 Proprietary Limited)
Mall@55 (Nabuvax Proprietary Limited)
Mall@Emba (Double Ring Trading 62 Proprietary Limited)
Mall@Moutsiya (Daybreak Properties 3 Proprietary Limited)
Mall@Reds (Proc Corp 160 Proprietary Limited)
Trade@55 (Nabuvax Proprietary Limited)

Directors' valuation

Mall@Mfula (Zarafusion Proprietary Limited)
Mall@Lebo (Nungu Trading 517 Proprietary Limited)
Moreleta Square (Rubensmen Proprietary Limited)
Simarlo Rainbow (DAJM Property Investment Proprietary Limited)

The effective date of the revaluation for the year ended was 28 February 2019 (2018: 28 February 2018).

Independent valuers

The Group has employed the services of Mr. P. Parfitt of Quadrant Properties and Mrs A. De Wet of Amanda De Wet Consultants and Investors. Mr. Parfitt, a professional valuer registered in accordance with section 20(2)(a) of the Property Valuers Professional Act 47 of 2000, is not connected to the Group and has recent experience in location and category of the investment property being valued. He holds a Dip. Val. MIV(SA) qualification. Registration number 27/2. Mrs. De Wet, a professional valuer registered in accordance with section 20(2)(a) of the Property Valuers Professional Act 47 of 2000, is not connected to the Group and has recent experience in location and category of the investment property being valued. Registration number 5542.

Valuation techniques

The revaluations were performed in line with the methods documented in the accounting policies. Cash flows are determined by the signed lease agreements in place. Should a signed lease agreement not be in place at the date of valuation, the directors allow for a 3 month vacancy before estimating cash flows for a vacant unit, based on rental mandates for each property. All investments properties for the Group is Level 3 hierarchy investment properties. There were no transfers between Levels 1, 2 and 3 during the year.

Completed developments

Completed developments were valued as at 28 February 2019 (2018: 28 February 2018) using the discounted cash flow of future income streams method by internal valuation. External valuers have the discretion to use their own valuation method. Mr. P. Parfitt has used the discounted cash flow method and Mrs. A de Wet has used the income capitalisation method based on future cash flows. This is in line with the prior year except for valuations for Mall@Reds and Mall@55 which was valued using income capitalisation method but discounted cash flow method in the prior year.

Developments under construction

The effective date of the valuation of developments under construction was 28 February 2019 (2018: 28 February 2018). The value of developments under construction was determined by reference to the bulk rate per square meter, adjusted for construction costs to date if the development was less than 25% complete or more than one year away from being completed (2018: discounted cash flow). If the development under construction was to be completed within one year of financial year end, the income capitalisation method of anticipated future income streams method was followed.

If the fair value of an investment property under construction is not reliably determinable but it is expected that the fair value of the property to be reliably determinable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Details of property				
Simarlo Rainbow				
– Acquisition cost of investment property	32 112	32 112	–	–
– Accumulated fair value adjustments since acquisition	13 769	10 981	–	–
	45 881	43 093	–	–

Measuring 6.9 hectares, including retail mall improvements held in three sectional title properties, namely:

- 352/99 containing units 1 – 11; excluding units 3 and 4 owned by third parties;
- 497/99 containing units 12 – 19; excluding unit 16 owned by a third party; and
- 752/28 containing units 20 – 30.

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

	2019 Directors' valuation	2018 Directors' valuation
Exit capitalisation rate	11.00%	10.31%
Discount rate	17.00%	15.13%
Actual vacancy	5.88%	2.77%
Revenue escalation rate	7.00%	7.00%
Expense escalation rate	7.38%	7.30%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2019

3. Investment property (continued)
Details of property (continued)

Moreleta Square

	2019 R'000	2018 R'000	2019 R'000	2018 R'000
– Acquisition cost of investment property	132 774	132 774	–	–
– Capital additions	541	495	–	–
– Accumulated fair value adjustments since acquisition	12 039	22 102	–	–
	145 354	155 371	–	–

A shopping mall situated on Erf 6301 and 6302 of Farm Garsfontein 374, Moreleta Park, Extension 32, Pretoria.

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

	2019 Directors' valuation	2018 Directors' valuation
Exit capitalisation rate	9.25%	9.00%
Discount rate	14.38%	14.38%
Actual vacancy	6.83%	10.84%
Revenue escalation rate	7.00%	7.00%
Expense escalation rate	7.00%	7.50%

	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Mall@Reds				
– Acquisition cost of investment property	751 154	751 154	–	–
– Capital cost since acquisition	38 844	38 154	–	–
– Accumulated fair value adjustments since acquisition	455 691	411 612	–	–
	1 245 689	1 200 920	–	–

A shopping mall erected on Erf 1089, Rooihuiskraal, Extension 15, Centurion.

An income capitalisation valuation method was used by Mrs A. de Wet in the current year, being her preferred valuation technique. In the prior year Mr P. Parfitt used a discounted cash flow method in his valuation.

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

	2019 Independent valuation	2018 Directors' valuation
Exit capitalisation rate	7.50%	8.25%
Discount rate	12.50%	13.50%
Actual vacancy	3.26%	3.79%
Revenue escalation rate	8.00%	6.00%
Expense escalation rate	8.00%	8.00%

Refer to note 19 regarding a bond over this property.

	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Mall@Carnival				
– Acquisition cost of investment property	1 637 175	1 637 175	–	–
– Capital cost since acquisition	196 117	173 831	–	–
– Accumulated fair value adjustments since acquisition	879 069	788 389	–	–
	2 712 361	2 599 395	–	–

A shopping mall erected on Erf 3080, Dalpark Extension 5, Brakpan.

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

	2019 Independent valuation	2018 Independent valuation
Exit capitalisation rate	8.00%	8.25%
Discount rate	13.50%	13.50%
Actual vacancy percentage	3.05%	3.70%
Revenue escalation rate	7.84%	7.81%
Expense escalation rate	7.63%	11.37%
Bulk rate per sqm (35 000 sqm)	R1 000	R1 000

Mall@Carnival has been pledged as security for the Nedbank mortgage bond of R1 billion (refer to note 19).

	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Mall@Emba				
– Acquisition cost of investment property	408 327	408 327	–	–
– Capital cost since acquisition	8 223	5 916	–	–
– Insurance claim (Note 14)	(45 951)	–	–	–
– Accumulated fair value adjustments since acquisition	145 406	128 035	–	–
	516 005	542 278	–	–

A shopping mall situated on Erf 1/2/3/4/R of 2535, Embalenhle, Extension 7.

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

	2019 Independent valuation	2018 Independent valuation
Exit capitalisation rate	9.50%	9.75%
Discount rate	14.75%	14.75%
Actual vacancy percentage	3.20%	1.91%
Revenue escalation rate	8.07%	8.04%
Expense escalation rate	7.56%	9.90%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
3. Investment property (continued)				
Details of property (continued)				
Mall@Lebo				
– Acquisition cost of investment property	249 575	249 575	–	–
– Capital cost since acquisition	14 622	14 622	–	–
– Accumulated fair value adjustments since acquisition	229 569	177 270	–	–
	493 766	441 467	–	–

A shopping mall situated on Erf 31, 32 and 33 of Lebokgomo-BA Township district of Thabamooopo.

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

	2019 Directors' valuation	2018 Directors' valuation
Exit capitalisation rate	11.00%	9.32%
Discount rate	17.00%	14.06%
Actual vacancy	2.44%	0.22%
Revenue escalation rate	7.00%	7.00%
Expense escalation rate	7.38%	7.00%

Refer to note 19 regarding bonds over this property.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
3. Investment property (continued)				
Details of property (continued)				
Mall@Moutsiya				
– Acquisition cost of investment property	30 471	30 471	–	–
– Capital cost since acquisition	100 610	100 368	–	–
– Accumulated fair value adjustments since acquisition	89 879	73 275	–	–
	220 960	204 114	–	–

A shopping centre and affordable housing development situated on the remaining portion 6 of Farm Walkraal, Sekhukhune district, Limpopo.

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

	2019 Independent valuation	2018 Directors' valuation
Exit capitalisation rate	10.00%	9.00%
Discount rate	15.00%	14.00%
Actual vacancy	6.83%	13.71%
Revenue escalation rate	7.85%	6.75%
Expense escalation rate	7.71%	7.35%
Bulk rate per sqm (85 000 sqm)	R100	–

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Mall@55 and Trade55				
– Acquisition cost of investment property	179 554	179 554	–	–
– Capital cost since acquisition	160 535	150 842	–	–
– Accumulated fair value adjustments since acquisition	(9 851)	(11 462)	–	–
	330 238	318 934	–	–

A development situated on portions 153 and 165 of the farm Brakfontein 399, situated just off the N14 and R55, Monivoni, Gauteng.

An income capitalisation valuation method was used by Mrs A. de Wet in the current year, being her preferred valuation technique. In the prior year Mr P. Parfitt used a discounted cash flow method in his valuation.

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

	2019 Independent valuation	2018 Directors' valuation
Exit capitalisation rate (Mall@55)	9.75%	9.75%
Discount rate (Mall@55)	15.00%	15.00%
Actual vacancy (Mall@55)	7.32%	7.32%
Revenue escalation rate (Mall@55)	7.81%	7.81%
Expense escalation rate (Mall@55)	7.85%	7.85%
Bulk rate per sqm (Mall@55) (30 000 sqm)	R1 375	R1 200
Bulk rate per sqm (Trade@55) (64 501 sqm)	–	R 950
Floor area ratio per sqm (Trade@55) (32 250 sqm)	R1 500	–

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Mall@Mfula				
– Cost of investment property	860	860	–	–
– Capital cost of development	153 762	153 127	–	–
– Accumulated fair value adjustments	139 761	107 106	–	–
	294 383	261 093	–	–

A retail shopping centre development situated on Portion 100, Piet Retief Town, CNR R543 and N2, Mpumalanga.

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

	2019 Directors' valuation	2018 Directors' valuation
Exit capitalisation rate	9.68%	10.00%
Discount rate	14.57%	14.75%
Actual vacancy	8.19%	6.37%
Revenue escalation rate	6.25%	7.49%
Expense escalation rate	7.35%	7.56%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
3. Investment property (continued)				
Details of property (continued)				
Acsiopolis				
– Cost of investment property	42 519	42 519	–	–
– Capital cost of development	617 885	305 640	–	–
– Accumulated fair value adjustments	891 348	313 035	–	–
– Transfer to property, plant and equipment	(585 668)	–	–	–
– Transfers from prepayment	137 648	40 180	–	–
	1 103 732	701 374	–	–

A mixed-use development situated on Portion 1 of Erf 266 Benmore Garden Township, 5 Benmore Road, Gauteng.

An income capitalisation valuation method was used by Mrs A. de Wet in the current year, being her preferred valuation technique. In the prior year Mr P. Parfitt used a discounted cash flow method in his valuation.

The following unobservable inputs were used by the valuer in estimating the fair value of the relevant sections of investment property:

	2019 Independent valuation	2018 Independent valuation
Exit capitalisation rate (Apartments)	9.00%	10.25%
Exit capitalisation rate (Retail)	7.50%	10.25%
Discount rate (Retail)	12.50%	10.00%
Revenue escalation rate (Retail)	8.00%	7.55%
Expense escalation rate	–	7.75%
Average daily room rate (Apartments)	R3 276	–
Net profitability (Apartments)	22.30%	–
Average occupancy (Apartments)	75.00%	–

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Mall@Larnaca				
– Land lease asset	209 874	–	–	–
– Capital cost of development	35 760	–	–	–
	245 634	–	–	–

The Group entered into a land lease agreement to construct a retail centre on 1 January 2019 for a total of 33 years with the option to renew for an additional 33 years twice. The annual escalation is in line with Cyprus inflation, with a maximum rate of 4% and a minimum of 1%. The lease payment will be adjusted to 2.6% of the land value in year 13 of the initial lease period and will be adjusted once more on renewal date if the option is exercised for an additional 33 years (refer note 20).

The lease consists of 5 pieces of land being piece 32, 283, 285, 1410, 1827 Ayios Nikolaos Larnaca. The land consist of a total of 128 420 square meters.

Currently this property is under construction and the fair value is not reliably determinable, but it is expected to be possible to when construction is at a more advanced stage of completion. Therefore this property is valued at cost until it's fair value becomes reliably determinable or construction is completed.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Hyde Park Terrace				
– Reclassification of non-current assets held for sale at fair value	55 900	–	–	–

Non-current assets held for sale have been reclassified to investment property on 28 February 2019. Refer to commentary per note 16.

Sensitivity analysis

The estimated impact of a change in the significant unobservable inputs would result in a change in the fair value estimation as follows:

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Properties excluding mixed use developments				
An increase of 50 basis points in the discount rate	(87 650)	(168 894)	–	–
A decrease of 50 basis points in the discount rate	89 695	100 528	–	–
An increase of 50 basis points in the capitalisation rate	(269 906)	(276 566)	–	–
A decrease of 50 basis points in the capitalisation rate	305 324	312 061	–	–
Mixed use developments				
An increase of 100 basis points in the capitalisation rate	(162 868)	–	–	–
A decrease of 100 basis points in the capitalisation rate	205 097	–	–	–
An increase of 100 basis points in the room rate	29 628	–	–	–
A decrease of 100 basis points in the room rate	(29 628)	–	–	–
An increase of 100 basis points in the net profit percentage	60 466	–	–	–
A decrease of 100 basis points in the net profit percentage	(60 466)	–	–	–
An increase of 100 basis points in the occupancy rate	41 357	–	–	–
A decrease of 100 basis points in the occupancy rate	(41 357)	–	–	–

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
4. Property, plant and equipment						
Hotel	603 034	–	603 034	–	–	–
Leased property installations	125 606	(73 058)	52 548	107 317	(54 954)	52 363
Plant and equipment	71 572	(57 160)	14 412	70 528	(48 698)	21 830
Furniture and fixtures	7 642	(6 142)	1 500	7 574	(5 264)	2 310
Motor vehicles	45	(6)	39	–	–	–
Computer software	593	(593)	–	575	(575)	–
Marketing equipment	947	(947)	–	883	(883)	–
Total	809 439	(137 906)	671 533	186 877	(110 374)	76 503

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2019

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – Group – 2019

	Opening balance	Additions	Classification from Investment Property to Plant and Equipment (Note 3)	Fair value adjustments	Depreciation	Total
Hotel	–	17 366	555 321	30 347	–	603 034
Leased property installations	52 363	18 299	–	–	(18 114)	52 548
Plant and equipment	21 830	1 025	–	–	(8 443)	14 412
Furniture and fixtures	2 310	83	–	–	(893)	1 500
Motor vehicles	–	45	–	–	(6)	39
Computer software	–	27	–	–	(27)	–
	76 503	36 845	555 321	30 347	(27 483)	671 533

Reconciliation of property, plant and equipment – Group – 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Leased property installations	46 479	20 908	(488)	(14 536)	52 363
Plant and equipment	26 452	3 706	–	(8 328)	21 830
Furniture and fixtures	2 968	230	–	(888)	2 310
Computer software	16	5	–	(21)	–
Marketing equipment	–	152	–	(152)	–
	75 915	25 001	(488)	(23 925)	76 503

Revaluations

The owner occupied asset is the hotel portion of the mixed use asset in Benmore (Acsiopolis). As the hotel will be managed by one of the subsidiaries of the Group, the hotel has been classified as owner occupied. This asset is valued through other comprehensive income in the statement of changes in equity on an annual basis. This portion of the mixed use property was transferred to property, plant and equipment at fair value as at 30 November 2018.

The Group has employed the services of Mrs A. De Wet of Amanda De Wet Consultants and Investors to perform a valuation on the complete property as at 28 February 2019. Mrs. De Wet, a professional valuer registered in accordance with section 20(2)(a) of the Property Valuers Professional Act 47 of 2000, is not connected to the Group and has recent experience in location and category of the investment property being valued. Registration number 5542.

The effective date of the revaluation for the year ended was 28 February 2019.

Valuation technique

The revaluation was performed in line with the method documented in the accounting policies. The income capitalisation method was used as the technique to determine the fair value of the property where market related income upon completion of the property was used. The estimated cost to complete the development is deducted from the market value. This property for the Group is Level 3 hierarchy. There were no transfers between Levels 1, 2 and 3 during the year.

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

	2019 Independent valuation
Capitalisation rate	9.00%
Average daily room rate	R1 752
Net profit percentage	22.30%
Average occupancy	75.00%

Sensitivity analysis

The estimated impact of a change in the significant unobservable inputs would result in a change in the fair value estimation of the hotel portion is as follows:

	GROUP	COMPANY		
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
An increase of 100 basis points in the capitalisation rate	(102 806)	–	–	–
A decrease of 100 basis points in the capitalisation rate	128 506	–	–	–
An increase of 100 basis points in the room rate	20 367	–	–	–
A decrease of 100 basis points in the room rate	(20 367)	–	–	–
An increase of 100 basis points in the net profit percentage	45 489	–	–	–
A decrease of 100 basis points in the net profit percentage	(45 489)	–	–	–
An increase of 100 basis points in the occupancy rate	27 450	–	–	–
An decrease of 100 basis points in the occupancy rate	(27 450)	–	–	–

Leased property installations included in plant and equipment forms and integral part of investment property as set out in note 6.

5. Operating lease asset

Non-current assets	143 641	139 182	–	–
Current assets	13 144	2 138	–	–
	156 785	141 320	–	–

The operating lease asset forms an integral part of investment property as set out in note 6.

6. Reconciliation of significant components of investment property to valuation performed

Note 3 – Investment property at fair value	7 409 903	6 468 041	–	–
Note 4 – Leased property installations	52 548	52 363	–	–
Note 4 – Owner occupied asset	603 034	–	–	–
Note 5 – Operating lease asset	156 785	141 320	–	–
Note 14 – Insurance claim	45 951	–	–	–
Valuation amount as per directors' and independent valuations	8 268 221	6 661 724	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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	2019 R'000	2018 R'000
7. Goodwill		
Carrying value of goodwill	625 464	625 464

Group

Goodwill originated during the formation of the Acision Limited Group and represents a premium paid in relation to Anaprop Property Management and represents the amount the various shareholders in the restructure transaction were willing to pay in order to internalise the property development, property management, and asset management functions within the Group. Due to the Group's successful history of delivering Net Asset Value (NAV) growth, superior to the returns of traditional REITs, for its shareholders, Acision's pre-listing shareholders agreed to the payment of the premium so as to secure their participation in the development profits arising from the current development pipeline, as well as future development opportunities. This is not amortised but tested for impairment at the end of each financial year or when there are indications that the goodwill may be impaired. The impairment test of goodwill makes assumptions regarding certain pipeline developments in order to anticipate the impact it will have on the future growth of the Group. Should future projects not yield a return in excess of the carrying amount of goodwill and/or the value attributable to Anaprop Property Management not be sufficient, the goodwill will be impaired.

Some of the parameters used in the determination of the value in use of goodwill, which were applied to various potential development projects includes the following:

South African developments:

	2019 %	2018 %
Discount rate	11.0 – 15.0	12.0 – 15.0
Revenue escalations	5.5 – 7.0	5.5 – 6.5
Probability	10.0 – 60.0	10.0 – 60.0

During the valuation process certain judgements were applied. These judgements were as follows:

- The value in use was considered to be the most appropriate model to assess any potential impairment for the goodwill;
- The Acision Limited Group was considered to be the smallest cash generating unit; and
- The cash flows were determined for future projects not yet commenced.

Some of the parameters used in the determination of the value in use of goodwill, which were applied to Anaprop Property Management includes the following:

	2019 %	2018 %
Anaprop Property Management:		
Fee income (percentage of property value)	7.5	7.5
Revenue escalation	7.0	7.0
Expenditure escalation	7.0	6.5
Discount rate	11.54	13.25
Long-term growth rate	4.6	5.5

The impairment test of goodwill confirmed that no impairment was required as at the end of February 2019.

	2019 R'000	2018 R'000
8. Prepayments		
Opening balance	326 429	350 744
Transferred to investment property	(93 133)	(24 315)
Closing balance	233 296	326 429

During the formation of the Acision Limited Group two projects, Acsiopolis and Mall@Maputo, were identified and paid for by way of share issue during the restructure. They were priced at R209 million and R200 million respectively. As these projects were still in the planning phase, they were brought in as intangible assets in the form of prepayments. Prepayments are amortised into investment property based on the stage of completion.

For the current year, R93.1 million (2018: R24.3 million) was amortised from prepayments to investment property and property plant and equipment. In total R33.5 million remains to be amortised on the Acsiopolis development which will be amortised in future.

The balance of R200.0 million relating to the Mall@Maputo remains as a prepayment and will be systematically transferred to investment property as soon as the development commences.

The prepayments are tested for impairment at the end of each financial year or when there are indications that the prepayment may be impaired.

The prepayments relating to Acsiopolis did not display indications that it should be impaired for the year ended 28 February 2019.

The prepayment relating to Mall@Maputo was assessed for impairment during the current financial year.

Some of the parameters used in the determination of the value in use of Mall@Maputo, which were applied to various potential development projects includes the following:

	2019	2018
Average exchange rate to the dollar	R13.85	R11.64
Expected discount rate	8.15%	11.00%
Total cost to income ratio	18.00%	18.00%
Expected through rate per sqm	\$15.15	\$15.15
Expected increase in revenue (\$ based)	4.68%	4.68%
Expected increase in expenses (\$ based)	3.50%	3.50%
Expected growth rate (\$ based)	0.01%	0.01%

The impairment test of Mall@Maputo confirmed that no impairment was required as at the end of February 2019. A memorandum of understanding was originally signed with the Mozambican Ministry of Sport to develop a 50 000 m² shopping centre. Subsequently, the Group decided to acquire an alternative land parcel adjacent to the existing land parcels which now requires an additional agreement with the Ministry of Interior to be concluded. The Group has been in constant negotiations with the Ministry of Interior and a final draft contract has been negotiated.

During the valuation process certain judgements were applied. These judgements were as follows:

- The value in use was considered to be the most appropriate model to assess any potential impairment for the prepayment;
- Fortuvox Proprietary Limited (Mall@Maputo) was considered to be the smallest cash generating unit;
- The cash flows were determined which the Group believes it can obtain through performing research on the expected rentals that could be obtained in the market as well as the expected costs; and
- Operational cost was determined with reference to the Group's existing developments and it was adjusted for risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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9. Investments in subsidiaries

The following table lists the entities which are controlled by the Group. All subsidiaries are engaged in property holding or property development activities.

Name of company	Held by	% Voting power		Carrying amount	
		2019 %	2018 %	2019 R'000	2018 R'000
Bengavista Proprietary Limited	Acsion Limited	100.00	100.00	14 341	14 341
DAJM Proprietary Limited	Acsion Limited	100.00	100.00	28 673	28 673
Daybreak Properties 3 Proprietary Limited	Acsion Limited	100.00	100.00	18 132	18 132
Double Ring Trading 62 Proprietary Limited	Acsion Limited	100.00	100.00	316 850	316 850
Fortuvox Proprietary Limited	Acsion Limited	100.00	100.00	199 835	199 835
Golden Falls Trading 125 Proprietary Limited	Acsion Limited	100.00	100.00	1 298 863	1 298 863
Lomastep Proprietary Limited	Acsion Limited	100.00	100.00	209 827	209 827
Nabuvax Proprietary Limited	Acsion Limited	100.00	100.00	145 013	145 013
Nungu Trading 517 Proprietary Limited	Acsion Limited	100.00	100.00	146 084	146 084
Proc Corp 160 Proprietary Limited	Acsion Limited	100.00	100.00	604 428	604 428
Rubensmen Proprietary Limited	Acsion Limited	100.00	100.00	113 186	113 186
Southern Palace Investments 108 Proprietary Limited	Acsion Limited	100.00	100.00	815 450	815 450
Zarafusion Proprietary Limited	Acsion Limited	55.00	55.00	–	–
Zudolex Proprietary Limited	Acsion Limited	100.00	100.00	–	–
Zudonetix Proprietary Limited	Acsion Limited	100.00	100.00	–	–
Bengavox Proprietary Limited	Acsion Limited	100.00	100.00	–	–
Ornelia Limited (Cyprus entity)	Zudolex Proprietary Limited	100.00	100.00	–	–
Zudolex Cyprus Limited (Cyprus entity)	Ornelia Limited	95.50	100.00	–	–
				3 910 682	3 910 682

Refer to note 40 for detail on the non-controlling interest.

The principle place of business for all the above Companies is in South Africa except for Ornelia Limited and Zudolex Cyprus Limited, located in Cyprus.

10. Investments in associates

Name of associate	Held by	% Ownership interest		Carrying amount	
		2019 %	2018 %	2019 R'000	2018 R'000
Silver Crest Trading 134 Proprietary Limited	Southern Palace Investments 108 Proprietary Limited	25.00	25.00	1 541	1 471
Aggregate information of associate					
Carrying value of investments as at year end				1 541	1 471
Share of profit or loss from continuing operations				70	321
Share of other comprehensive income				–	–
Share of total comprehensive income				70	321

Management does not assess this associate to be material to the Group.

The principle place of business for the above Company is in South Africa.

11. Other financial assets

Loans and receivables

Guarantees issued

Guarantees issued generally relate to utility deposits required by councils. The guarantees are cash deposits held at a financial institution that serves as security for the guarantees issued to relevant councils. Such deposits are generally invested in interest bearing instruments. The interest earned on these products is generally returned to the company on a quarterly basis.

Non-current assets

Loans and receivables

Fair value information

The fair value of financial assets classified as loans and receivables are deemed to be the same as cost.

12. Loans to/(from) Group companies

Subsidiaries

Southern Palace Investments 108 Proprietary Limited	–	–	173 308	385 938
Golden Falls 125 Proprietary Limited	–	–	8 425	8 425
Nungu Trading 517 Proprietary Limited	–	–	102 784	102 784
Daybreak Properties 3 Proprietary Limited	–	–	11 437	11 437
Zudolex Proprietary Limited	–	–	3 249	3 093
Lomastep Proprietary Limited	–	–	184 410	72 151
	–	–	483 613	583 828

Associate

Silvercrest Trading 134 Proprietary Limited	1 699	899	–	–
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The loans to Southern Palace Investments 108 Proprietary Limited and Lomastep Proprietary Limited bear interest at prime less 133 basis points and are repayable on demand.

The remaining loans to subsidiaries as well as the loan to associate are interest free with no fixed terms of repayment. All the loans to Group companies have been disclosed as current per the International Financial Reporting Standards for loans with no fixed terms of payment.

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	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
13. Loans to/(from) shareholders				
Loans to shareholders	4 053	4 053	–	–
Loans from shareholders	(3 151)	–	–	–
	902	4 053	–	–
This loan to shareholders relates to the minority shareholder in Zarafusion Proprietary Limited (Mall@Mfula) who contributes towards the development in terms of an agreement the Group has with him. The agreement requires the minority shareholder to provide 45% of the funding of the Mall@Mfula development. Should the funding contributions not be made in the same ratio as the shareholding ratio, interest will be paid at prime plus 100 basis points to the shareholder that contributed more towards the development.				
The loan from shareholders relates to the acquisition of the minority shareholding in Zudolex Cyprus Limited.				
Current assets	4 053	4 053	–	–
Current liabilities	(3 151)	–	–	–
	902	4 053	–	–
	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
14. Trade and other receivables				
Trade receivables (net of provision for bad debts)	11 241	9 232	–	–
Prepayments	4 840	4 332	–	–
VAT	751	9 684	–	–
Other receivables	3 449	1 153	4 582	4 560
Insurance receivable with regards to fire at Mall@Emba*	51 729	–	–	–
	72 010	24 401	4 582	4 560
Trade receivables consists of:				
Trade receivables	12 481	10 343	–	–
Provision for bad debts	(1 240)	(1 111)	4 582	–
	11 241	9 232	4 582	–

* A fire occurred at the Mall@Emba in June 2018 causing damage to the mall. The amount disclosed is the amount still to be received from the insurance company. The insurance claim is expected to cover all costs associated with the reconstruction of the mall. The full amount recorded of R51.7 million consists of R45.9 million relating to the reconstruction of the mall and R5.8 million attributable to loss of rental income.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provisions for all trade receivables.

These balances were previously at amortised cost in terms of IAS 39, and have not changed under IFRS 9.

Trade receivables bear interest at prime plus 200 basis points for all accounts not settled within seven days of invoicing. This same policy was followed during the 2018 financial year.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 28 February 2019 R11.2 million (2018: R9.2 million) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
1 month past due	8 113	4 818	–	–
2 months past due	1 140	1 793	–	–
3 months past due	459	1 023	–	–
3 months or longer past due	1 529	1 598	–	–
	11 241	9 232	–	–

Trade and other receivables impaired

As of 28 February 2019, trade and other receivables of R 1.24 million (2018: R 1.1 million) were impaired and provided for.

The ageing of this impairment is as follows:

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
2 months past due	278	48	–	–
Over 6 months	963	1 063	–	–
	1 241	1 111	–	–
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	1 111	370	–	–
Provision for impairment	946	907	–	–
Amounts written off as uncollectable	(590)	(166)	–	–
Unused amounts reversed	(226)	–	–	–
	1 241	1 111	–	–

The creation and release of the provision for impaired receivables have been included in other operating expenses in the statement of comprehensive income.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
15. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	58	56	–	–
Bank balances	74 554	212 624	109	155
	74 612	212 680	109	155

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2019

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
16. Non-current assets held for sale				
Non-current assets held for sale				
Investment property	–	52 418	–	–
Hyde Park Terrace, a high end residential development of units ranging from 350 m ² to 568 m ² under roof, is situated in Hyde Park, Sandton, approximately 500 m away from Hyde Park shopping centre. The development comprised of 12 completed free standing units and 27 residential land parcels. This development was acquired from an estate liquidation. The development is nearly sold out with six completed houses (2018: six) and seven stands still available fore sale (2018: nine).				
The directors have revalued the assets for this financial year in line with recent sales concluded on properties sold on the open market.				
A fair value adjustment increase of R6.8 million (2018: R2.2 million) was included in “fair value adjustments” in the Statement of Comprehensive Income for the 2019 financial year.				
Management has taken the decision to reclassify this property to investment property as at 28 February 2019. The revalued amount at 28 February 2019 was R55.9 million. Management is still committed to selling these assets, but due to economic circumstances the likelihood of selling within one year is low.				
	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
17. Share capital				
Authorised				
Ordinary shares of no par value	10 000 000	10 000 000	10 000 000	10 000 000
Issued				
Ordinary no par value shares	3 979 956	3 979 956	3 979 956	3 979 956
Shares purchased by subsidiaries (Treasury shares)	(11 878)	(10 331)	–	–
	3 968 078	3 969 625	3 979 956	3 979 956
Reconciliation of number of shares issued ('000)				
Balance at beginning of the year	393 622	394 234	394 960	394 960
Shares purchased by subsidiaries	(239)	(612)	–	–
	393 383	393 622	394 960	394 960
Reconciliation of Rand value of shares issued				
Balance at beginning of the year	3 969 625	3 973 725	3 979 956	3 979 956
Shares purchased by subsidiaries	(1 547)	(4 100)	–	–
	3 968 078	3 969 625	3 979 956	3 979 956

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
18. Deferred tax				
Deferred tax liability				
Revaluation of investment properties	(1 250 022)	(1 065 199)	–	–
Revaluation of property, plant and equipment	(6 798)	–	–	–
Accelerated capital allowances	(107 993)	(90 390)	–	–
Straight-line lease rentals	(43 949)	(39 569)	–	–
Current assets	–	(63)	–	–
Section 24J	3 748	–	–	–
Total deferred tax liability	(1 405 014)	(1 195 221)	–	–
Deferred tax asset				
Income received in advance, available for sale and straight-line assets	3 243	2 663	–	–
Trade receivables	(344)	434	–	201
Trade payables	267	263	–	–
Deferred tax balance from temporary differences other than unused tax losses	3 166	3 360	–	201
Tax losses available for set off against future taxable income	21 186	20 512	–	34
	24 352	23 872	–	235
Total deferred tax asset	24 352	23 872	–	235
The Group recognised the deferred tax asset as the future taxable profits are deemed sufficient to offset tax losses. The recognition is based on the future taxable profits derived from approved budgets and cash flow forecasts. Assessed losses available for utilisation against future taxable income amounted to R75.7 million (2018: R73.3 million).				
Deferred tax liability	(1 405 014)	(1 195 221)	–	–
Deferred tax asset	24 352	23 872	–	235
Total net deferred tax liability	(1 380 662)	(1 171 349)	–	235
Reconciliation of net deferred tax liability				
At beginning of year	(1 171 349)	(985 021)	235	235
Originating temporary differences relating to current assets	(615)	(63)	–	–
Reversing/(originating) temporary differences on tangible assets	3 260	(34 281)	–	–
Originating temporary differences relating to the fair value of investment property	(205 694)	(160 163)	–	–
Originating temporary differences relating to the fair value adjustment of property, plant and equipment	(6 798)	–	–	–
Originating temporary differences relating to straight-line rentals	(4 329)	(5 507)	–	–
Expenses paid in advance	15	–	–	–
Originating temporary differences relating to trade payables	220	77	–	–
Prior year under provision	–	(32)	–	–
Reversing and originating temporary differences from assessed loss created/(utilised) in the current year	674	12 824	(235)	–
Section 24J	3 748	–	–	–
Reversing temporary differences relating to income received in advance and available for sale assets	583	709	–	–
(Originating)/reversing temporary differences relating to trade receivables	(378)	108	–	–
	(1 380 663)	(1 171 349)	–	235

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2019

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
19. Other financial liabilities				
Held at amortised cost				
Proc Corp 160 Proprietary Limited (Mall@Reds)	–	1	–	–
The loan is with Investec Limited and currently bears interest at prime minus 100 basis points. As at year end this loan was settled early (expires 4 May 2022). The loan is secured over the Mall@Reds property (refer to note 3).				
Nungu Trading 517 Proprietary Limited (Mall@Lebo)	83 127	98 124	–	–
This loan is with Nedbank Limited and currently bears interest at prime minus 140 basis points. This loan expires on 1 July 2024. The loan is repaid monthly through payments of capital and interest. The loan is secured over the Mall@Lebo property (refer note 3).				
K Anastasi Proprietary Limited	9 757	8 530	–	–
The loan bears interest at prime minus 125 basis points and has no fixed terms of repayment. This related party company of the Group (Interest held by Mr K. Anastasiadis) deposits its excess cash with the Group, as the Group has obtained a favourable investment rate. The funds can be withdrawn on demand.				
Acsion Limited	560 573	560 490	560 573	560 490
A new funding facility was secured with Nedbank Limited for R1 billion. The loan is priced at prime less 133 basis points and will need to be renegotiated by 2 November 2020. Interest is paid monthly. The full loan amount is repayable by way of a balloon payment at the above mentioned date. As at year end the unused portion of the facility is R439 million (2018: R460 million).				
The facility is secured over Mall@Carnival (refer note 3), which is owned by Golden Fall 125 Proprietary Limited. Golden Fall 125 Proprietary Limited is a wholly owned subsidiary of Acsion Limited.				
	653 457	667 145	560 573	560 490
Non-current liabilities				
At amortised cost	630 004	643 861	560 573	560 490
Current liabilities				
At amortised cost	23 453	23 284	–	–
	653 457	667 145	560 573	560 490

	GROUP
	2019 R'000
20. Lease obligation	
Lease liabilities maturity analysis – contractual undiscounted cash flows	
– Less than 1 year	4 052
– 2 to 5 years	31 470
– More than 5 years	268 185
Total undiscounted cash flows	303 707
Lease liability	
Non-current liabilities	209 588

The Group entered into a land lease agreement on 1 January 2019 for a total of 33 years with the option to renew for an additional 33 years twice. The purpose of this lease is to construct a retail centre on the leased land, which will form part of the Group's property development activities. The annual rental whilst in the construction phase is EUR 255 000 and once completed EUR 510 000. Rental is payable monthly in advance. Due to the lower lease payments in construction phase, the initial interest is more than the monthly lease payments. The annual escalation is per Cyprus inflation, with a maximum rate of 4% and a minimum of 1%. The lease payments will be adjusted to 2.6% of the land value in year 13 of the initial lease period and will again be adjusted on renewal date if the option is exercised for an additional 33 years.

Additions to the right of use asset were R209.9 million for the year ended 28 February 2019 (2018: Rnil). This is disclosed as part of investment properties (note 3).

It should be noted that the lease liability and right of use asset was calculated for a period of 33 years. It was considered appropriate to use 33 years due to the uncertainty relating to exercising the options and length of the periods between options. The exchange rate used to convert from Euro to Rand for the relevant asset and liability was R15.89 at reporting date. Due to the lease being in Euros, the company and Group is exposed to foreign exchange rate risk which will reflect in monthly lease payments on translation to Rand.

The total cash outflow for leases during the 2019 financial year was R658 321 (EUR 42 500).

The finance costs relating to the lease obligation is disclosed in note 27.

Lease options

The lease has two options for renewal for an additional 33 years. The below disclosure indicates the undiscounted cash flows if these options are exercised:

	66 years R'000	99 years R'000
Lease liabilities maturity analysis – contractual undiscounted cash flows		
– Less than 1 year:	4 052	4 052
– 2 to 5 years:	31 470	31 470
– More than 5 years:	699 094	1 297 387
Total	734 615	1 332 908

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2019

	Opening balance	Additions	Utilised during the year	Total
21. Provisions				
Reconciliation of provisions – Group – 2019				
Provision for audit fees	717	–	(717)	–
Provision for marketing	2 457	4 469	(3 159)	3 767
	3 174	4 469	(3 876)	3 767
Reconciliation of provisions – Group – 2018				
Provision for audit fees	840	717	(840)	717
Provision for marketing	2 378	3 814	(3 735)	2 457
	3 218	4 531	(4 575)	3 174
	Opening balance	Additions	Utilised during the year	Total
Reconciliation of provisions – Company – 2019				
Provision for audit fees	717	–	(717)	–
	Opening balance	Additions	Utilised during the year	Total
Reconciliation of provisions – Company – 2018				
Provision for audit fees	840	717	(840)	717

Refer to accounting policy note 1.15 for a description of the nature of the obligations of the provisions and the expected timing of the resulting outflows of economic benefits.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
22. Trade and other payables				
Trade payables	27 040	13 069	246	48
Amounts received in advance	10 580	8 496	–	–
VAT	4 644	7 170	364	95
Unallocated receipts	4 576	55	–	–
Accrued leave pay	1 467	1 105	453	167
Accrued expenses	52 599	11 809	3 877	4 151
Tenant deposits received	27 350	24 058	–	–
Lease fees	14	11	–	–
	128 270	65 773	4 940	4 461

Trade and other payables are classified as other financial liabilities and are carried at amortised cost. This reflects the carrying value of trade and other payables.

Trade payables are generally settled 30 days from statement date unless a specific arrangement was made with suppliers governing the payment relating to their services. Generally, trade and other payables do not bear interest although there are circumstances that interest will be levied at a predetermined rate. The Group, as far as possible, avoids incurring interest on trade payables.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
23. Revenue				
Collection commission	315	217	–	–
Rental income on investment property	492 527	449 858	–	–
Interest received (trading)	1 542	1 162	–	–
Utility cost recovery	143 506	133 942	–	–
Operating lease – straight line rental	15 461	1 311	–	–
	653 351	586 490	–	–
Utility cost recovery income included in revenue above consists of:				
Electricity	105 193	101 130	–	–
Rates	26 639	22 996	–	–
Refuse	4 356	3 586	–	–
Sewerage	1 915	1 640	–	–
Water	5 172	4 386	–	–
Gas	232	204	–	–
	143 507	133 942	–	–
24. Other operating income				
Administration fees	295	289	8 817	9 658
Early lease cancellation fees	3 933	1 806	–	–
Legal fee recovery	858	3 498	–	–
Bad debts recovered	255	40	–	–
Other operational recoveries	2 596	2 302	–	–
Other income	1 408	280	–	–
	9 345	8 215	8 817	9 658
25. Operating profit/(loss)				
Operating profit/(loss) for the year is stated after inclusion of the following:				
Auditor's remuneration – external				
Audit fees	1 110	1 727	1 043	1 727
Auditor's remuneration – internal	184	178	–	–
Employee costs				
Salaries, directors' fees, wages, bonuses and other benefits	28 776	26 726	5 839	4 407
Study fees	16	43	–	–
	28 792	26 769	5 839	4 407
Depreciation				
Depreciation of plant and equipment	27 483	23 925	–	–
26. Investment income				
Bank and other cash	13 917	22 803	29	7 965
Trade and other receivables	–	240	–	–
Other financial assets	–	4 750	–	–
From loans to Group and other related parties:				
Subsidiaries	–	–	49 118	35 691
	13 917	27 793	49 147	43 656

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2019

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
27. Finance costs				
Mortgage bonds	49 147	43 679	49 147	43 655
Trade and other payables	74	111	–	–
Finance bond	10 591	12 377	–	–
South African Revenue Services	228	111	72	2
Interest on lease obligations (Right of use asset)	372	–	–	–
Related parties	1 242	637	–	–
	61 654	56 915	49 219	43 657
28. Fair value adjustments				
Investment property	831 066	742 584	–	–
Non-current assets held for sale	6 811	2 201	–	–
	837 877	744 785	–	–
29. Taxation				
Major components of the tax expense				
Current				
Local income tax – current period	92 457	77 827	–	–
Local income tax – recognised in current tax for prior periods	(1 527)	–	–	–
	90 930	77 827	–	–
Deferred				
Originating and reversing temporary differences	206 359	199 307	201	–
Section 24J	(3 748)	–	–	–
Assessed loss utilised	(673)	(12 824)	34	–
Arising from prior period adjustments	571	–	–	–
	202 509	186 483	235	–
	293 439	264 310	235	–
	GROUP		COMPANY	
	2019 %	2018 %	2019 %	2018 %
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	28.00	28.00	28.00	28.00
Capital gains tax exemption	(3.76)	(3.82)	–	–
Capital gains tax realised	(0.01)	0.09	–	–
Section 24J	(0.31)	–	–	–
Loss from associate	–	(0.01)	–	–
Assessed loss not recognised	–	–	(1,100.71)	–
Prior period under provision	(0.08)	–	–	–
Non deductible expenses	0.04	0.04	(3,594.90)	–
	23.88	24.30	(4,667.61)	28.00

30. Earnings, headline earnings, net asset value and proposed dividend per share

Basic earnings and diluted earnings per share

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.

Basic earnings per share

From operations (cents per share)

	2019 R'000	2018 R'000	2019 R'000	2018 R'000
	233.93	206.76	–	–

Basic earnings per share was based on earnings of R913.4 million (R814.5 million) and a weighted average number of ordinary shares of R393.6 million (2018: R393.9 million).

Reconciliation of profit or loss for the year to basic earnings

Profit or loss for the year attributable to equity holders of the parent

Adjusted for:

Earnings attributable to non-controlling interest Shareholders

	2019 R'000	2018 R'000	2019 R'000	2018 R'000
	935 176	823,617	–	–
	(14 442)	(9,155)	–	–

Profit for the purposes of basic and diluted earnings per share

Diluted earnings per share

From operations (cents per share)

	2019 R'000	2018 R'000	2019 R'000	2018 R'000
	233.93	206.76	–	–

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

Headline earnings and diluted headline earnings per share

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 4/2018.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Headline earnings per share (cents)	71.73	61.81	–	–
Diluted headline earnings per share (cents)	71.73	61.81	–	–
Reconciliation between earnings and headline earnings				
Basic earnings	920 734	814 462	–	–
Adjusted for:				
Fair value adjustments	(650 192)	(577 953)	–	–
Non-controlling interest relating to fair value adjustment	11 403	6 380	–	–
Loss on non-current assets held for sale	375	420	–	–
Loss on sale of plant and equipment	–	163	–	–
Impairment of loan	–	12	–	–
Headline profit for the purposes of basic and diluted headline earnings per share	282 320	243 484	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2019

30. Earnings, headline earnings, net asset value and proposed dividend per share (continued)

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Diluted headline earnings per share is equal to headline earnings per share because there are no dilutive potential ordinary shares in issue.				
Proposed dividend per share				
Final (cents)	–	25.00	–	–
No dividend has been proposed as at 28 February 2019.				
Net asset value per share and net asset value per share excluding deferred taxation				
Net asset value per share (cents) ⁽¹⁾	1 733.56	1 518.25	–	–
Net asset value per share excluding deferred taxation (cents) ⁽²⁾	2 084.53	1 815.83	–	–

⁽¹⁾ Net asset value 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. Net asset value per share is determined by dividing the total net asset value by the total number of shares outstanding as at year end.

⁽²⁾ Net asset value excluding deferred taxation is a measure that is specific to Acision and is not required in terms of International Financial Reporting Standards or the JSE Listings Requirements. Net asset value per share excluding deferred tax is determined by adjusting the net asset value by deducting the net deferred tax liability.

31. Cash generated/(used in) operations

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Profit/(loss) before taxation	1 228 615	1 087 927	(5)	(549)
Adjustments for:				
Depreciation	27 483	23 925	–	–
Losses on disposals, scrapings and settlements of assets and liabilities	–	228	–	–
Loss/(income) from equity accounted investments	(70)	(321)	–	–
Investment income	(13 917)	(27 793)	(49 147)	(43 656)
Finance costs	61 654	56 915	49 219	43 657
Fair value gains	(837 877)	(744 785)	–	–
Impairment losses	–	12	–	–
Movements in operating lease assets and accruals	(15 465)	(1 311)	–	–
Movements in provisions	593	(44)	(717)	(123)
Profits from non-current assets held for sale	67	(783)	–	–
Changes in working capital:				
Trade and other receivables	(47 609)	413	(22)	–
Investment property – insurance receivable (note 14)	45 951	–	–	–
Trade and other payables	62 497	(17 836)	479	3 710
	511 922	376 547	(193)	3 039

32. Categories of financial instruments

Categories of financial instruments – Group – 2019

Non-current assets

	Notes	Loans and receivables at amortised cost	Financial assets at amortised cost	Financial assets and liabilities at amortised cost	Cash	Liabilities at amortised cost	Non-financial assets and liabilities	Total
Investment property	3	–	–	–	–	–	7 409 903	7 409 903
Property, plant and equipment	4	–	–	–	–	–	671 533	671 533
Operating lease asset	5	–	–	–	–	–	143 641	143 641
Goodwill	7	–	–	–	–	–	625 464	625 464
Investment property – insurance receivable (note 14)	8	–	–	–	–	–	233 296	233 296
Investments in associates	10	–	–	–	–	–	1 541	1 541
Other financial assets	11	–	5 432	–	–	–	–	5 432
Deferred tax	18	–	–	–	–	–	24 352	24 352
		–	5 432	–	–	–	9 109 730	9 115 162

Current assets

Operating lease asset	5	–	–	–	–	–	13 144	13 144
Loans to Group companies	12	–	1 699	–	–	–	–	1 699
Loans to shareholders	13	–	4 053	–	–	–	–	4 053
Trade and other receivables	14	–	66 419	–	–	–	5 591	72 010
Current tax receivable		–	2 504	–	–	–	–	2 504
Cash and cash equivalents	15	–	74 612	–	–	–	–	74 612
		–	149 287	–	–	–	18 735	168 022

Total assets

		–	154 719	–	–	–	9 128 465	9 283 184
Non-current liabilities								
Deferred tax	18	–	–	–	–	–	1 405 014	1 405 014
Other financial liabilities	19	–	–	–	–	630 004	–	630 004
Lease obligation	20	–	–	–	–	–	209 588	209 588
		–	–	–	–	630 004	1 614 602	2 244 606

Current liabilities

Loans from shareholders	13	–	–	–	–	3 151	–	3 151
Other financial liabilities	19	–	–	–	–	23 453	–	23 453
Current tax payable		–	–	–	–	–	4 747	4 747
Provisions	21	–	–	–	–	–	3 767	3 767
Trade and other payables	22	–	–	–	–	123 626	4 644	128 270
Dividend payable		–	–	–	–	99	–	99
		–	–	–	–	150 329	13 158	163 487

Total liabilities

		–	–	–	–	780 333	1 627 760	2 408 093
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2019

32. Categories of financial instruments (continued)

Categories of financial instruments – Group – 2018

Non-current assets

	Notes	Loans and receivables at amortised cost	Financial assets at amortised cost	Financial assets and liabilities at amortised cost	Cash	Liabilities at amortised cost	Non-financial assets and liabilities	Total
Investment property	3	–	–	–	–	–	6 468 041	6 468 041
Property, plant and equipment	4	–	–	–	–	–	76 503	76 503
Operating lease asset	5	–	–	–	–	–	139 182	139 182
Goodwill	7	–	–	–	–	–	625 464	625 464
Investment property – insurance receivable (note 14)	8	–	–	–	–	–	326 429	326 429
Investments in associates	10	–	–	–	–	–	1 471	1 471
Other financial assets	14	6 847	–	–	–	–	–	6 847
Deferred tax	18	–	–	–	–	–	23 872	23 872
		6 847	–	–	–	–	7 660 962	7 667 809

Current assets

Operating lease asset	5	–	–	–	–	–	2 138	2 138
Loans to Group companies	12	899	–	–	–	–	–	899
Loans to shareholders	13	4 053	–	–	–	–	–	4 053
Trade and other receivables	14	10 385	–	–	–	–	14 016	24 401
Current tax receivable		–	–	–	–	–	525	525
Cash and cash equivalents	15	–	–	–	212 680	–	–	212 680
		15 337	–	–	212 680	–	16 679	244 696

Non-current assets held for sale	16	–	–	–	–	–	52 418	52 418
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Total assets		22 184	–	–	212 680	–	7 730 059	7 964 923
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Non-current liabilities

Deferred tax	18	–	–	–	–	–	1 195 221	1 195 221
Other financial liabilities	19	–	–	643 861	–	–	–	643 861
		–	–	643 861	–	–	1 195 221	1 839 082

Current liabilities

Other financial liabilities	19	–	–	23 284	–	–	–	23 284
Current tax payable		–	–	–	–	–	16 282	16 282
Provisions	21	–	–	–	–	–	3 174	3 174
Trade and other payables	22	–	–	58 603	–	–	7 170	65 773
Dividend payable		–	–	33	–	–	–	33

		–	–	81 920	–	–	26 626	108 546
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Total liabilities		–	–	725 781	–	–	1 221 847	1 947 628
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	Notes	Loans and receivables at amortised cost	Financial assets at amortised cost	Financial assets and liabilities at amortised cost	Cash	Liabilities at amortised cost	Non-financial assets and liabilities	Total
Categories of financial instruments – Company – 2019								
Non-current assets								
Investments in subsidiaries	9	–	–	–	–	–	3 910 682	3 910 682
Current assets								
Loans to Group companies	12	–	483 613	–	–	–	–	483 613
Trade and other receivables	14	–	4 582	–	–	–	–	4 582
Current tax receivable		–	–	–	–	–	194	194
Cash and cash equivalents	15	–	109	–	–	–	–	109
		–	488 304	–	–	–	194	488 498
Total assets		–	488 304	–	–	–	3 910 876	4 399 180
Non-current liabilities								
Other financial liabilities	19	–	–	–	–	560 573	–	560 573
Current liabilities								
Dividend payable		–	–	–	–	99	–	99
Trade and other payables	22	–	–	–	–	4 576	364	4 940
		–	–	–	–	4 675	364	5 039
Total liabilities		–	–	–	–	565 248	364	565 612
Categories of financial instruments – Company – 2018								
Non-current assets								
Investments in subsidiaries	9	–	–	–	–	–	3 910 682	3 910 682
Deferred tax	18	–	–	–	–	–	235	235
		–	–	–	–	–	3 910 917	3 910 917
Current assets								
Loans to Group companies	12	583 828	–	–	–	–	–	583 828
Trade and other receivables	14	4 560	–	–	–	–	–	4 560
Cash and cash equivalents	15	–	–	–	155	–	–	155
		588 388	–	–	155	–	–	588 543
Total assets		588 388	–	–	155	–	3 910 917	4 499 460
Non-current liabilities								
Other financial liabilities	19	–	–	560 490	–	–	–	560 490
Current liabilities								
Current tax payable		–	–	–	–	–	1 211	1 211
Provisions	21	–	–	–	–	–	717	717
Trade and other payables	22	–	–	4 366	–	–	95	4 461
Dividend payable		–	–	33	–	–	–	33
		–	–	4 399	–	–	2 023	6 422
Total liabilities		–	–	564 889	–	–	2 023	566 912

33. Contingencies

Guarantees received

The various Group companies have contingent assets in the form of guarantees provided by tenants that total R20.8 million (2018: 20.7 million).

The breakdown is as follows per entity:

	2019 R'm	2018 R'm
– Bengavista Proprietary Limited	–	–
– DAJM Property Investment Proprietary Limited	0.1	0.1
– Daybreak Properties 3 Proprietary Limited	1.0	0.8
– Double Ring Trading 62 Proprietary Limited	1.4	1.4
– Golden Falls 125 Proprietary Limited	9.9	10.5
– Nabuvax Proprietary Limited	0.9	1.3
– Nungu Trading 517 Proprietary Limited	0.9	0.6
– Proc Corp 160 Proprietary Limited	5.1	5.3
– Rubensmen Proprietary Limited	0.5	0.2
– Zarafusion Proprietary Limited	1.0	0.5

Guarantees issued

In the ordinary course of business, the Group issues guarantees to local councils and contractors to serve as guarantee for utility consumption or payment guarantees for construction projects. As at year end, the Group has issued R45.2 million (2018: R178.4 million) in guarantees for the construction of Acsiopolis and the infrastructure development around the Mall@55 and Trade 55 developments. None of these guarantees are expected to be released in the near future (2018: R33.2 million).

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2019 R'000	2018 R'000
Investment Property	346 282	655 336

A dispute is ongoing with the main contractor for the construction of Acsiopolis. The dispute is in regards to delays and penalties on the construction. The outcome of the dispute is currently uncertain.

Relationships

34. Related parties

Subsidiaries in the Group

DAJM Property Investment Proprietary Limited (Simarlo Rainbow)
Rubensmen Proprietary Limited (Moreleta Square)
Proc Corp 160 Proprietary Limited (Mall@Reds)
Golden Falls 125 Proprietary Limited (Mall@Carnival)
Double Ring Trading 62 Proprietary Limited (Mall@Emba)
Southern Palace Investments 108 Proprietary Limited (Anaprop Property Management)
Daybreak Properties 3 Proprietary Limited (Mall@Moutsiya)
Nungu Trading 517 Proprietary Limited (Mall@Lebo)
Nabuvax Proprietary Limited (Mall@55 and Trade@55)
Zarafusion Proprietary Limited (Mall@Mfula)
Bengavista Proprietary Limited (Hyde Park Terrace)
Lomastep Proprietary Limited (Acsiopolis)
Fortuvox Proprietary Limited (Mall@Maputo)
Zudolex Proprietary Limited
Bengavox Proprietary Limited (Mall@Frankfort)
Zudonetix Proprietary Limited
Zudolex Cyprus Limited (Cyprus)
Ornelia Developments Limited (Cyprus)

Directors

K Anastasiadis (executive)
S le Roux (executive)
HN Bila (non-executive)
TSB Jali (non-executive)
M Hlobo (non-executive)
PD Sekete (non-executive)
D Green (non-executive)

Associates

SilverCrest Trading 134 Proprietary Limited

Shareholder with significant influence

Fortutrax Proprietary Limited (Shareholder of Acsion Limited) (73.64%)

Shareholder with minority interest

RA Dlamini (45% in Zarafusion Proprietary Limited)
Various (4.5% in Zudolex Cyprus Limited)

Other related parties (Interests held by director)

Sapfo Proprietary Limited (Mr K Anastasiadis)
K Anastasi Projects Proprietary Limited (Anastasi Construction) (Mr K Anastasiadis)

Close family member of directors

J Anastasiadis (Mr I Anastasiadis)

Other related parties of close family member of directors

Kinsella Consultants Proprietary Limited (Ms J Anastasiadis)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2019

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
34. Related parties (continued)				
Related party balances				
Loan accounts – Loans to/(from) related parties				
Golden Falls 125 Proprietary Limited	–	–	8 424	8 424
Nungu Trading 517 Proprietary Limited	–	–	102 784	102 784
Daybreak Properties 3 Proprietary Limited	–	–	11 438	11 438
Zudorex Proprietary Limited	–	–	3 249	3 093
Lomastep Proprietary Limited	–	–	184 409	72 152
Southern Palace Investments 108 Proprietary Limited	–	–	173 308	385 937
K Anastasi Projects Proprietary Limited	(9 757)	(8 530)	–	–
Silver Crest Trading 134 Proprietary Limited	1 699	899	–	–
RA Dlamini	4 053	4 053	–	–
Loans from shareholders	(3 151)	–	–	–
Amounts included in trade receivables regarding related parties				
K Anastasi Projects Proprietary Limited	28	–	–	–
Sapfo Proprietary Limited	29	5	–	–
Amounts included in trade payables regarding related parties				
K Anastasi Projects Proprietary Limited	112	564	–	–
Related party transactions				
Interest paid to/(received from) related parties				
K Anastasi Projects Proprietary Limited	1 227	637	–	–
Southern Palace Investments 108 Proprietary Limited	–	–	(37 907)	(33 517)
RA Dlamini	–	(4 560)	–	–
Lomastep Proprietary Limited	–	–	(11 211)	(2 174)
Purchases from related parties				
Kinsella Consultants Proprietary Limited	–	95	–	–
K Anastasi Projects Proprietary Limited (Anastasi Construction)	24 605	109 025	–	–
Rent paid to/(received from) related parties				
Proc Corp 160 Proprietary Limited	–	–	91	89
K Anastasi Projects Proprietary Limited	(131)	(130)	–	–
Management fee received from related parties				
Southern Palace Investments 108 Proprietary Limited	–	–	(8 817)	(9 658)
Collection and letting commission				
Sapfo Proprietary Limited	(234)	(191)	–	–

Refer to note 35 for key management disclosure.

35. Directors' emoluments

The directors' emoluments below was paid by AcSION Limited (the 'Company'). Directors' emoluments for Group and Company are the same.

	Salary R'000	Bonus R'000	Total R'000
Executive			
2019			
K. Anastasiadis	2 940	–	2 940
S. le Roux	1 210	80	1 290
	4 150	80	4 230
2018			
K. Anastasiadis	2 940	–	2 940
P.H. Scholtz	1 057	218	1 275
S. le Roux	202	–	202
	4 199	218	4 417
		Directors' fees R'000	Total R'000
Non-executive			
2019			
D.J. Green		234	234
P.D. Sekete		210	210
M. Hlobo		70	70
S. Griesel		88	88
T.S.B. Jali		239	239
H.N. Bila		210	210
		1 051	1 051
2018			
D.J. Green		230	230
P.D. Sekete		201	201
S. Griesel		201	201
T.S.B. Jali		200	200
H.N. Bila		151	151
		983	983

36. Going concern

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

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate Annual Financial Statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. 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 ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2019

37. Risk management

Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 12, 13, 19 and 20; cash and cash equivalents as disclosed in note 15, and, equity as disclosed in the statements of financial position.

Consistent with others in the industry, the Group monitors capital on the basis of the loan to value ratio. The Group's loan value ratio as at 28 February 2019 is 7.00% (2018: 6.77%). The Group is currently satisfied with this ratio but intends to increase the ratio going forward.

There are no externally imposed capital requirements. The Group aims to maintain loan to value ratios below 45%.

Liquidity risk

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

The table below analyses the Group's financial liabilities into relevant maturity groupings. This is based on the remaining period at the Statements of Financial Position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances at statement of financial position date thus the impact of discounting is not significant.

	Less than 1 year R'000	2 to 5 years R'000	More than 5 years R'000
GROUP			
At 28 February 2019			
Financial liabilities (note 19)	25 628	618 019	9 810
Borrowings (note 20)	4 052	31 470	268 185
At 28 February 2018			
Financial liabilities (note 19)	23 285	627 141	16 720

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is not to fix any of its interest rates on long-term borrowings at this stage.

The risk scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 1% shift would be a maximum increase or decrease of R 4 705 million (2018: R 4 803 million) depending on direction of the interest rate change. The assumption used is based on other variable factors remaining constant. The method used to calculate the sensitivity is the straight-line interest rate method. It is therefore not perceived by the Group as a major risk at this point in time. Should the interest bearing positions increase significantly, the Group will consider to change the current policy.

Credit risk

Credit risk consists mainly of risks arising from cash deposits, cash equivalents, and trade debtors. The Group only deposits cash with major banks with high quality credit ratings and limits its exposure to any one institution.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating of the credit quality of the customer, taking into account its financial position, past experience and other factors.

Please refer to the "Trade and other receivables" note for the age analysis of financial assets past due but not impaired.

Maximum credit exposure at year end is made up of loans to Group companies, loans to shareholders, trade and other receivables and cash and cash equivalents.

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

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Trade receivables	72 010	24 401	4 582	4 560
Loans to Group companies	1 699	899	483 613	583 828

Foreign exchange risk

The Group does not hedge foreign exchange fluctuations.

The Group reviews its foreign currency exposure, including commitments on an ongoing basis. The Group is currently trading at the prevailing spot rate when foreign currency is required.

38. Events after the reporting period

A dispute is ongoing with the main contractor for the construction of Acsiopolis. The dispute is in regards to delays and penalties on the construction. The outcome of the dispute is currently uncertain.

The directors are not aware of any other material events requiring adjustment or disclosure in these consolidated and separate Annual Financial Statements, which occurred after the reporting date and up to the date of this report which require adjustment or disclosure to interpret these consolidated and separate Annual Financial Statements adequately.

39. Segmental reporting

Segment reporting as required in terms of IFRS 8 is not applicable to the Acsion Group.

The executive members of the Board are considered to be the chief operating decision making body (COD) of the entity. Due to the mixed use property (Acsiopolis) not yet being operational and considering that the current operational investment property portfolio exposure consists mostly of retail (97% of the gross lettable area), the COD considers the operations to be that of a single operating segment and as such reviews financial information on this basis. All revenues earned are attributable to South Africa and is derived from the investment property portfolio. No revenue earned from an individual customer exceeds 10%. These conclusions will be reconsidered at each reporting date.

From a geographical perspective, seven properties are situated within the borders of Gauteng, two in Limpopo and two in Mpumalanga.

All investment properties are within a 450 km radius from one another.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
40. Non-controlling interest				
Opening balance	41 122	31 967	–	–
Profit for the year	14 442	9 155	–	–
	55 565	41 122	–	–
The non controlling interest balance recognised is not deemed material by management.				
41. Tax paid				
Balance at beginning of the year	(15 757)	(10 862)	(1 211)	(1 211)
Current tax for the year recognised in profit or loss	(90 924)	(77 827)	–	–
Prior period overpayment to be claimed in current year	–	(155)	–	–
Balance at end of the year	2 243	15 757	(194)	1 211
	(104 438)	(73 087)	(1 405)	–
42. Dividends paid				
Balance at beginning of the year	(33)	–	(33)	–
Dividends	(98 401)	(49 370)	(98 740)	(49 370)
Balance at end of the year	99	33	99	33
	(98 335)	(49 337)	(98 674)	(49 337)

Dividends paid are from capital profits.

43. Changes in accounting policy

The consolidated and separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS 9 Financial Instruments

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group’s previous accounting policy for financial instruments (application of IAS 39).

As a result of adoption of IFRS 9, the Group adopted certain consequential amendments to IAS 1 Presentation of Financial Statements, which requires the disclosure of interest revenue on the effective interest rate method, as well as impairment losses on financial assets held at amortised cost. In addition the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures, which were applied in the 2018 financial year. Comparative disclosures have not been restated.

Accounting policies applied from 1 March 2018 in respect of financial instruments

Financial assets

IFRS 9 applies two criteria to determine how financial assets should be classified and measured, namely:

- (a) the entity’s business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Under IAS 39 Financial Instruments: Recognition and Measurement, the Group designated the significant majority of financial assets at amortised cost. The Group has applied IFRS 9’s classification and measurement requirements based on the facts and circumstances of the various business models at the date of adoption of IFRS 9 in determining the transition adjustment.

- IFRS 9 requires for financial assets to be measured at fair value through profit or loss, if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- AcSION’s financial assets meet the criteria for amortised cost as they are held within a business model to collect contractual cash flows that are solely payments of principal and interest.

These instruments are thus classified as assets at amortised cost.

Financial liabilities

Financial liabilities classification and measurement under IFRS 9 has not changed significantly from IAS 39. Financial liabilities are either held at fair value (either required or designated) or at amortised cost. A summary of changes from those adopted under IAS 39 are:

- The classification and measurement of subcomponents of “Other payables” are classified at amortised cost under IFRS 9, rather than as previously designated at fair value through profit or loss under IAS 39.
- Intercompany funding loans, previously designated as “Loans and Receivables” measured at amortised cost under IAS 39, will continue to be measured at amortised cost.

The following table shows the original classification under IAS 39, and the new classification under IFRS 9 for each class of the Group’s financial assets and financial liabilities:

Financial instrument	Original classification under IAS 39	New classification under IFRS 9
Trade and other receivables	Amortised cost	Amortised cost
Cash and cash equivalents	Cash	Amortised cost
Loans payable	Financial liabilities at amortised cost	Amortised cost
Loans receivable	Loans and receivables at amortised cost	Amortised cost

IFRS 15 Revenue from contracts with customers

IFRS 15 established a comprehensive framework for determining and reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. It replaces all existing revenue standards and their related interpretations in IFRS and applies to all contracts with customers except for contracts that are within the scope of other standards on leases, insurance contracts and financial instruments and therefore does not impact the majority of the Group’s revenue.

The standard outlines the principles that must be applied to measure and recognise revenue with the core principle being that revenue should be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following 5 step model:

- (i) Identify the contract(s) with a customer
- (ii) Identify the performance obligations in the contract
- (iii) Determine the transaction price
- (iv) Allocate the transaction price to the performance obligations in the contract
- (v) Recognise revenue when or as the entity satisfies its performance obligations

The Group has adopted IFRS 15 without restating the information presented for 2018. Apart from providing more qualitative disclosures on the Group’s revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. As at the date of initial application, no adjustments were required to the Group’s performance or financial position.

Revenue streams within the scope of IFRS 15 include:

Revenue type	Description
Fee revenue	There has been no material impact on the recognition of the asset management fee and development fee as this is recognised over time, similar to how rendering of services was recognised in IAS 18.
Municipal recoveries	There has been no material impact on the recognition of municipal recoveries as this is recognised over time, similar to how rendering of services was recognised in IAS 18.

IFRS 16 Leases

The Group has adopted IFRS 16 Leases retrospectively from 1 March 2018, but has not restated comparatives for the 2018 financial reporting period as permitted under the specific transition provision in the standard.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.23% as applicable in Cyprus.

No restatement of prior year figures were required on adoption as this lease only commenced in the 2019 financial year and there were no other operating or financial leases in 2018 (Note 20).

APPENDIX A – ADDITIONAL INFORMATION

		Shares held			
		2019 '000	2019 %	2018 '000	2018 %
1.	Shareholder information Beneficial shareholders holding 5.0% or more of Acsions issued share capital are is as follows: Fortutrax Proprietary Limited* The Papa's trust	290 867 27 489 318 356	73.64 6.96 80.60	290 867 27 495 318 362	73.64 6.96 80.60

* Mr. K Anastasiadis is a director.

		Number 2019	Shares held R'000	%	Number 2018	Shares held R'000	%
2.	Beneficial shareholders spread Directors and their related parties Non-public Public	4 4 –	301 136 301 136 93 824	76.24 76.24 23.76	3 3 –	299 010 299 010 95 950	75.70 75.70 24.30
		4	394 960	100.00	3	394 960	100.00

The supplementary information presented does not form part of the consolidated and separate Annual Financial Statements and is unaudited

NOTICE OF THE ANNUAL GENERAL MEETING

for the year ended 28 February 2019

Acsion Limited

(Incorporated in the Republic of South Africa) (Registration number: 2014/182931/06)

JSE share code: ACS

(Approved as a Real Estate Holdings and Development Company by the JSE) (“Acsion” or “the company”)

Notice is hereby given that the Annual General Meeting (hereafter “AGM”) of shareholders of Acsion will be held at the Acsion Offices, 1st Floor, Mall@Reds, Cnr Rooihuiskraal and Hendrik Verwoerd Drives, Rooihuiskraal Extension 15, Centurion on 30 July 2019 at 09:00 for the purposes of:

- (a) receiving, considering and adopting the Directors’ Report, the Annual Financial Statements, the Audit and Risk Committee Report, the Remuneration Committee Report and the Social and Ethics Report for the year ended 28 February 2019;
- (b) transacting any other business as may be transacted at an AGM of shareholders of a company including the appointment of auditors and re-election of retiring directors;
- (c) considering and, if deemed fit, adopting, with or without modification, the shareholder special and ordinary resolutions set out below.

Important dates to note

	Date
Record date for receipt of notice purposes	Friday, 21 June 2019
Integrated Report to be posted on	Friday, 28 June 2019
Record date for voting purposes (voting record date)	Friday, 19 July 2019
Last day to lodge forms of proxy for the AGM	Friday, 26 July 2019
AGM	Tuesday, 30 July 2019
Results of AGM releases on SENS by	Wednesday, 31 July 2019

In terms of section 62(3)(e) of the Companies Act, No 71 of 2008 (Companies Act):

A shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein. A proxy need not be a shareholder of the company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all shareholders recorded in the register of the company on the voting record date will be required to provide identification to the chairman of the AGM (forms of identification include valid identity documents, driving licences and passports).

Quorum

A quorum for the purposes of considering the resolutions above shall consist of at least three shareholders of the company personally present (or represented) and entitled to vote at the AGM and comprise a minimum of 25% of all the voting rights that are entitled to be exercised by a shareholder in respect of each matter to be decided at the AGM.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown 2107), for the purposes of being entitled to attend, participate in and vote at the AGM is Friday, 19 July 2019.

Majorities required to pass resolutions

In order for ordinary resolutions to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass the resolution.

In order for special resolutions to be adopted, the support of more than 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass the resolution.

All reference to votes exercisable shall mean one vote per share owned by a shareholder, hence all voting is by poll as set out in paragraph 13.1.2 of the company’s Memorandum of Incorporation (MOI).

Ordinary Resolution 1: Adoption of the Annual Financial Statements

It is resolved that the Annual Financial Statements of the company for the year ended 28 February 2019, including the Directors’ Report, be and are hereby received and adopted.

Ordinary Resolution 2: Adoption of Audit and Risk Committee Report

It is resolved that the report of the Audit and Risk Committee for the year ended 28 February 2019, be and is hereby received and adopted.

NOTICE OF THE ANNUAL GENERAL MEETING (continued)
for the year ended 28 February 2019

Ordinary Resolution 3: Adoption of Remuneration Committee Report

It is resolved that the report of the Remuneration Committee for the year ended 28 February 2019, be and is hereby received and adopted.

Ordinary Resolution 4: Adoption of Social and Ethics Committee Report

It is resolved that the report of the Social and Ethics Committee for the year ended 28 February 2019, be and is hereby received and adopted.

Ordinary Resolution 5: Confirmation of Appointment of Directors

It is resolved that the following directors of the company retire by rotation in terms of the company’s MOI and who, being eligible, have offered themselves for re-election, are re-elected by separate resolutions:

- 5.1 David Green;
- 5.2 Nicholas Bila;
- 5.3 Thabani Jali;
- 5.4 David Sekete; and
- 5.5 Modi Hlobo.

A brief curriculum vitae of each of the directors standing for re-election are set out on page 26 and 27 of the Integrated Report.

Ordinary Resolution 6: Re-appointment of Members of the Audit and Risk Committee

It is resolved that the members of the company’s Audit and Risk Committee set out below be and are hereby reappointed, each by way of a separate vote, with effect from the end of this AGM in terms of section 94(2) of the Companies Act. The membership as proposed by the nominations committee is as follows:

- 6.1 Modi Hlobo;
- 6.2 Nicholas Bila; and
- 6.3 David Green.

All nominees are independent non-executive directors. A brief curriculum vitae of each of the above Audit and Risk Committee members is set out on page 26 and 27 of the Integrated Report.

Ordinary Resolution 7: Appointment of Auditor

It is resolved that the company appoint Deloitte & Touche to serve as auditors of the company from the conclusion of this AGM until the conclusion of the next AGM.

Ordinary Resolution 8: Specific authority to issue shares pursuant to a reinvestment of dividends

It is resolved that, subject to the provisions of the Companies Act, the company’s MOI and the JSE Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value (new shares), as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their dividends in new shares of the company pursuant to a dividend reinvestment option.

Ordinary Resolution 9: Signature of documents

It is resolved that any director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary and special resolutions passed at this AGM.

Ordinary Resolution 10: General authority to issue shares for cash

It is resolved that, subject to the restrictions set out below and subject to the provisions of the Companies Act and the JSE Listings Requirements, the directors of the company be and are hereby authorised, until this authority lapses at the next AGM of the company, provided that this authority shall not extend beyond 15 months, to allot and issue shares of the company for cash on the following basis:

- (a) The allotment and issue of shares for cash shall be made only to persons qualifying as public shareholders , as defined in the JSE Listings Requirements, and not to related parties;
- (b) The total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 59 243 996 shares, being 15% of the company’s issued shares as at the date of notice of this AGM. Accordingly, any shares issued under this authority prior to this resolution lapsing shall be deducted from the 59 243 996 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
- (c) In the event of a subdivision or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- (d) The maximum discount at which shares may be issued is 10% of the weighted average trade price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares adjusted for a dividend where the ex-div trade in respect of the dividend occurs during the 30 day period in question; and

- (e) After the company has issued shares for cash which represent, on a cumulative basis, within the period that this authority is valid, 5% or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average trade price of the shares over the 30 days prior to the date that the issue is agreed in writing and an explanation, including supporting documentation (if any), of the intended use of the funds.

In terms of the JSE Listings Requirements, in order for this ordinary resolution to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

Advisory Vote 1: Advisory Endorsement of Remuneration Policy

To endorse through a non-binding advisory vote the company’s Remuneration Policy (excluding the remuneration of non-executive directors for their services as directors and members of the Board committees), as set out in the Remuneration Committee Report available for viewing on website www.acsionsa.co.za/corporategovernance.htm. In accordance with the principles of King IV an advisory vote is hereby put to shareholders for the endorsement of AcSION’s Group Remuneration Policy. As the votes on this resolution are advisory, the results will not be binding on the Board of Directors.

Should more than 25% of the votes on a poll be cast against this advisory vote, the company shall invite the dissenting shareholders to engage with the Remuneration Committee on the matter within 3 months. In the event that the dissenting shareholders are dissatisfied with the outcome of the engagement with the Remuneration Committee, the Board of Directors shall engage with the dissenting shareholders within 3 months of the aforementioned unsuccessful engagement with the Remuneration Committee. The Board of Directors shall at a minimum take cognisance of the outcome of the vote when considering its Remuneration Policy in future and where deemed fit incorporate amendments to the Policy.

Advisory Vote 2: Advisory Endorsement of Remuneration Policy Implementation

To endorse through a non-binding advisory vote the company’s Remuneration Policy Implementation (excluding the remuneration of non-executive directors for their services as directors and members of the Board committees), as set out in the Remuneration Committee Report available for viewing on website www.acsionsa.co.za/corporategovernance.htm. In accordance with the principles of King IV, an advisory vote is hereby put to shareholders for the endorsement of AcSION’s Group Remuneration Policy Implementation. As the votes on this resolution are advisory, the results will not be binding on the Board of Directors.

Should more than 25% of the votes on a poll be cast against this advisory vote, the company shall invite the dissenting shareholders to engage with the Remuneration Committee on the matter within 3 months. In the event that the dissenting shareholders are dissatisfied with the outcome of the engagement with the Remuneration Committee, the Board of Directors shall engage with the dissenting shareholders within 3 months of the aforementioned unsuccessful engagement with the Remuneration Committee. The Board of Directors shall at a minimum take cognisance of the outcome of the vote when considering its Remuneration Policy Implementation in future and where deemed fit incorporate amendments to Policy Implementation.

Special Resolution 1: Approval of 2020 fees payable to Non-Executive Directors

Resolved, as a special resolution, that the fees payable by the company to non-executive directors for their services as directors (in terms of section 66 of the Companies Act) be and are hereby approved by the passing of this resolution for the 2020 financial year, as follows:

	Proposed 2020 fee
David Green	253 575
Modi Hlobo	220 500
Nicholas Bila	220 500
Thabani Jali	253 575
David Sekete	220 500

Reason for and effect of special resolution 1

The reason for special resolution 1 is to obtain shareholder approval by way of special resolution in accordance with section 66(9) of the Companies Act for the payment by the company of remuneration to each of the non-executive directors of the company for each non-executive director’s services as a non-executive director for the ensuing financial year in the amounts set out under special resolution 1.

Special Resolution 2: Share Repurchase

It is resolved that the company or any of its subsidiaries be and are hereby authorised by way of a general approval to acquire ordinary shares issued by the company, in terms of sections 46 and 48 of the Companies Act, and in terms of the JSE Listings Requirements, being that:

- (a) Any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the company and the counter party;

NOTICE OF THE ANNUAL GENERAL MEETING (continued)
for the year ended 28 February 2019

- (b) This general authority shall be valid until the company's next AGM, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
- (c) The company (or any subsidiary) is duly authorised by its MOI to do so;
- (d) Acquisition of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's issued ordinary share capital as at the date of passing this special resolution;
- (e) In determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five trading days immediately preceding the repurchase of such shares;
- (f) At any point in time the company (or any subsidiary) may appoint only one agent to effect repurchase on its behalf;
- (g) Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted to the JSE in writing prior to commencement of the prohibited period;
- (h) An announcement will be published as soon as the company or any of its subsidiaries have repurchased shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the repurchase pursuant to which the aforesaid threshold is reached, and for each 3% in aggregate repurchased thereafter, containing full details of such repurchases; and
- (i) The Board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the Group.

In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action.

- The directors understand that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the repurchase general authority, for a period of 12 months after the date of notice of this AGM:
- i. the company and the Group will, in the ordinary course of business, be able to pay its debts;
 - ii. the consolidated assets of the company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the Group, fairly valued in accordance with International Financial Reporting Standards; and
 - iii. the company and Group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the Integrated Report of which this notice forms part, is provided in terms of paragraph 11. 26 of the JSE Listings Requirements for purposes of this general authority:
Major beneficial shareholders page 98; and
Capital structure of the company pages 44 and 46.

Reason for and effect of special resolution 2

The reason for special resolution 2 is to permit the company or any of its subsidiaries, by way of a general approval to repurchase ordinary shares by the company as and when suitable opportunities to do so arise.

Directors' responsibility statement as it pertains to this special resolution 2

The directors whose names appear on pages 26 and 27 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material change as it pertains to this special resolution 2

Other than the facts and developments reported on in the Integrated Report of which this notice forms part, there have been no material changes in the affairs of or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 28 February 2019 and up to the date of this notice.

Special Resolution 3: Financial Assistance to Related and Inter-related Parties

It is resolved that, to the extent required by section 45 of the Companies Act, the Board of directors of the company may, subject to compliance with the requirements of the company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for two years after the adoption of this special resolution 3 or until its renewal, whichever is the earliest, and further provided that in as much as the company's provision of financial assistance to its subsidiaries will at any and all times be in excess of one tenth of 1% of the company's net worth, the company hereby undertakes to provide notice to its shareholders of that fact

Reasons for and effect of special resolution 3

The company would like the ability to provide financial assistance in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. This authority is necessary for the company to provide financial assistance in appropriate circumstances in terms of the Companies Act. The company will, however, require the special resolution referred to above to be adopted, provided that the Board of directors of the company is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and inter related companies have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution 3. Therefore, the reason for and effect of special resolution 3 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution 3 above.

It is important to note, however, that the listed company is entitled to provide financial assistance without approval of the shareholders in instances where the financial assistance is provided in the ordinary course of its business in terms of section 45(a)(b)(i), which in the case of AcSION includes the provision of financial assistance. This resolution only applies to loans not in the ordinary course of business in these circumstances.

Notice in terms of section 45(5) of the Companies Act in Respect of Special Resolution 3

- Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above
- (a) By the time that this notice of AGM is delivered to shareholders of the company, the Board will have adopted a resolution (section 45 Board resolution) authorising the company to provide, at any time and from time to time during the period of 2 (two) years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter related companies or corporations of the company and/or to any 1 (one) or more members of any such related or inter related company or corporation and/or to any 1 (one) or more persons related to any such company or corporation;
 - (b) The section 45 Board resolution will be effective only if and to the extent that special resolution 3 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to any such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)((i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and
 - (c) In as much as the section 45 Board resolution contemplates that such financial assistance will in the aggregate exceed one tenth of 1 of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 Board resolution to shareholders of the company.

Special Resolution 4: Authority to Issue Shares to Directors who Elect Dividend Reinvestment Options

It is resolved that, subject to the provisions of the Companies Act, the Company's MOI and the JSE Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value, as and when they deem appropriate, for the exclusive purpose of affording shareholders, who are also persons as contemplated in section 41(1) of the Companies Act, opportunities from time to time to elect to reinvest their dividend in new shares of the company pursuant to a dividend reinvestment option.

Reasons for and effect of special resolution 4

The reason for and effect of special resolution 4 is to permit the directors of the company to participate in dividend reinvestment options.

NOTICE OF THE ANNUAL GENERAL MEETING (continued)
for the year ended 28 February 2019

Electronic participation

The company has made provision for a shareholder or their proxies to participate electronically in the AGM by way of telephone conferencing. Should you wish to participate in the AGM by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 09:00 on Friday, 26 July 2019 by submitting by email to the company secretary at michael@mrk.co.za, for the attention of Michael Reynolds, relevant contact details, including an email address, cellular number and landline, as well as full details of the Acsion shareholders title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificate/s (in the case of materialised shares) and (in the case of dematerialised shares) written confirmation from the shareholders CSDP confirming that shareholders title to the dematerialised shares upon receipt of the required information, the Acsion shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the AGM. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.

Shareholders and their appointed proxies attending by conference call must note that they will not be able to cast their votes during the AGM through this medium. Such shareholders, should they wish to have their vote counted at the AGM, must, to the extent applicable, (i) complete the form of proxy, or (ii) contact their CSDP or broker, in both instances, as set out above.

FORM OF PROXY
for the year ended 28 February 2019

Acsion Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2014/182931/06)
JSE share code: ACS
(Approved as a Real Estate Holdings and Development Company by the JSE)
(Acsion or the company)



FORM OF PROXY

Where appropriate and applicable the terms defined in the notice of the annual general meeting to which this form of proxy is attached and forms part of bear the meanings in this form of proxy.

This proxy is for use by shareholders of the company holding certificated and/or dematerialised shareholders who have elected ‘own name’ registration, nominee companies of Central Securities Depository Participants (CSDP) and brokers’ nominee companies, registered as such at the close of business on Friday, 26 July 2019 or any postponement or adjournment thereof.

If you are a dematerialised shareholder, other than with ‘own name’ registration, do not use this form. Dematerialised shareholders, other than with ‘own name’ registration, should provide instruction to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (BLOCK LETTERS PLEASE) _____
Of (ADDRESS) _____
Being the holder/s of _____ Acsion shares hereby appoint
1. _____ or failing him/her
2. _____ or failing him/her
3. the chairman of the annual general meeting

As my/our proxy to attend and speak and to vote on my/our behalf at the annual general meeting and at any adjournment or postponement thereof for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the annual general meeting and to vote on the resolution in respect of the ordinary shares registered in my/our name(s).

Mark “for”, “against”, or “abstain” as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.

		Number of votes		
		For*	Against*	Abstain*
Ordinary Resolution 1	Adoption of the Annual Financial Statements			
Ordinary Resolution 2	Adoption of the Audit and Risk Committee report			
Ordinary Resolution 3	Adoption of the Remuneration Committee report			
Ordinary Resolution 4	Adoption of Social and Ethics Committee report			
Ordinary Resolution 5.1	Confirmation of D. Green as director			
Ordinary Resolution 5.2	Confirmation of N. Bila as Director			
Ordinary Resolution 5.3	Confirmation of T. Jali as Director			
Ordinary Resolution 5.4	Confirmation of D. Sekete as Director			
Ordinary Resolution 5.5	Confirmation of M. Hlobo as Director			
Ordinary Resolution 6.1	Appointment of M. Hlobo as a member of the Audit and Risk Committee			
Ordinary Resolution 6.2	Re-appointment of N. Bila as a member of the Audit and Risk Committee			
Ordinary Resolution 6.3	Re-appointment of D. Green as a member of the Audit and Risk Committee			
Ordinary Resolution 7	Appointment of Auditor			
Ordinary Resolution 8	Specific authority to issue shares pursuant to a reinvestment of dividends			
Ordinary Resolution 9	Signature of documents			
Ordinary Resolution 10	General authority to issue shares for cash			
Advisory Vote 1	Advisory endorsement of remuneration policy			
Advisory Vote 2	Advisory endorsement of remuneration policy implementation			
Special Resolution 1	Approval of 2020 fees payable to non-executive directors			
Special Resolution 2	Share repurchase			
Special Resolution 3	Financial assistance to related and inter-related parties			
Special Resolution 4	Authority to issue shares to directors who elect dividend reinvestment options			

Signed this _____ day of _____ 2019
Signature _____
Assisted by me (where applicable) _____
State capacity and full name _____

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

*One vote per share held by Acsion shareholders recorded in the register on the voting record.

VOTING AND PROXY

A shareholder of the company entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

A form of proxy is attached for the convenience of any shareholder holding certificated shares who cannot attend the AGM but who wishes to be represented there. Forms of proxy may also be obtained on request from the company's registered office. The completed form of proxy must be deposited at or posted to the office of the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, Rosebank Towers, 15 Biermann Avenae, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received not later than 09:00 on Friday, 26 July 2019. Forms of proxy may also be handed in to the chairman of the AGM at any time prior to the commencement of the AGM. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM should the shareholder subsequently decide to do so.

Shareholders who have already dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker and who wish to attend the AGM must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.

Dematerialised shareholders, who have elected own name registration in the sub register through a CSDP and who are unable to attend but who wish to vote at the AGM must complete and return the attached form of proxy' and lodge it with the transfer secretaries, Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107 to be received no later than 09:00 on Friday, 26 July 2019.

All beneficial owners whose shares have been dematerialised through a CSDP or broker other than with own name registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the AGM Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the AGM. Such shareholder must not complete the attached form of proxy.

In terms of section 63(1) meeting participants will be required to provide identification to the reasonable satisfaction of the chairman of the AGM and the chairman must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been satisfied.

Acsion does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the AGM or any business to be conducted thereat.

By order of the Board


M. Reynolds for
MWRK Accountants and Auditors Incorporated
MWRK
Company'secretary

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

CORPORATE INFORMATION

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

Sponsor
Nedbank Corporate and Investment Banking
135 Rivonia Road, Sandown, 2196 South Africa
Telephone: +27 11 294 3524
Fax: +27 11 295 3524

Corporate advisor
Nedbank Corporate and Investment Banking
135 Rivonia Road, Sandown, 2196 South Africa
Telephone: +27 11 294 3524
Fax: +27 11 295 3524

Country of incorporation and domicile
South Africa

Nature of business and principal activities
Investment and financing

Directors
D. Green
K. Anastasiadis
D. Sekete
S. le Roux
M. Hlobo
N. Bila
T. Jali