



# Integrated Report **2020**



This is Acision Limited's sixth 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. Acision ("Acision", "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".

## WHO WE ARE

Acision is a **property manager, real estate developer and owner**. Acision 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**. Acision 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. Acision 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**, such as **fairness, transparency and integrity** underpins all facets of the Company's operations.

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For further information visit our website: [www.acsionsa.co.za](http://www.acsionsa.co.za)



For more information see pages of report

# About this report

## Scope and boundaries

This report provides the reader with an overview of the business since the previous financial year. The report is produced by Acision 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 Acision 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 Report on Corporate Governance<sup>1</sup> for South Africa 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 IIRC's Integrated Reporting 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**", "**envison**" and other similar expressions, which are intended to identify these forward-looking statements, but are not an exclusive means for identifying such statements.

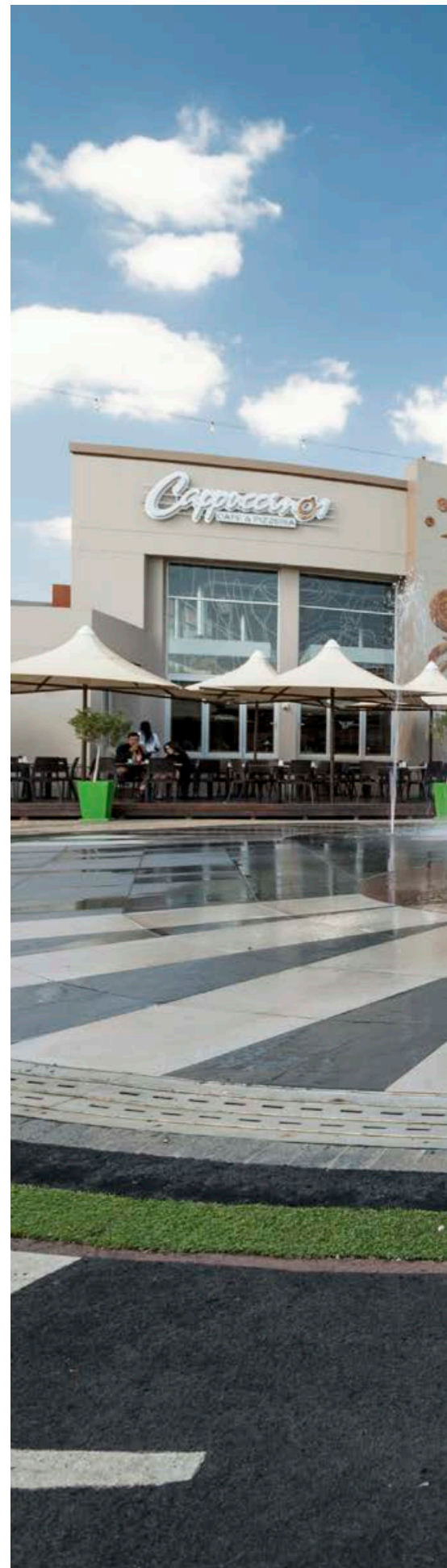
We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking information, whether as a result of new information, future events or otherwise. Investors and stakeholders are cautioned not to place undue reliance on the forward-looking statements contained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

<sup>1</sup> Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

This report will cover the period from 1 March 2019 to 29 February 2020 during which Acision traded very successfully, despite tough economic conditions.





# Highlights

## VACANCY PROFILE

WEIGHTED VACANCY PER GLA

**Retail: 4.37%**

**Industrial: 21.48%**

## WEIGHTED AVERAGE RENTAL/SQM BY GLA PER SECTOR

RETAIL – METROPOLITAN

**R176.80**

RETAIL – RURAL

**R171.03**

LIGHT INDUSTRIAL

**R62.78**

## OPERATING YIELDS

AVERAGE

**6.65%**

The name **AcSION** derives from the greek word "**axia**" which means "**value**".

# "value"

### Stakeholder feedback

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

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# About us

Acsion Limited is a highly experienced, specialist property developer and property holding company and will be the only JSE-listed company exclusively dedicated to property development.

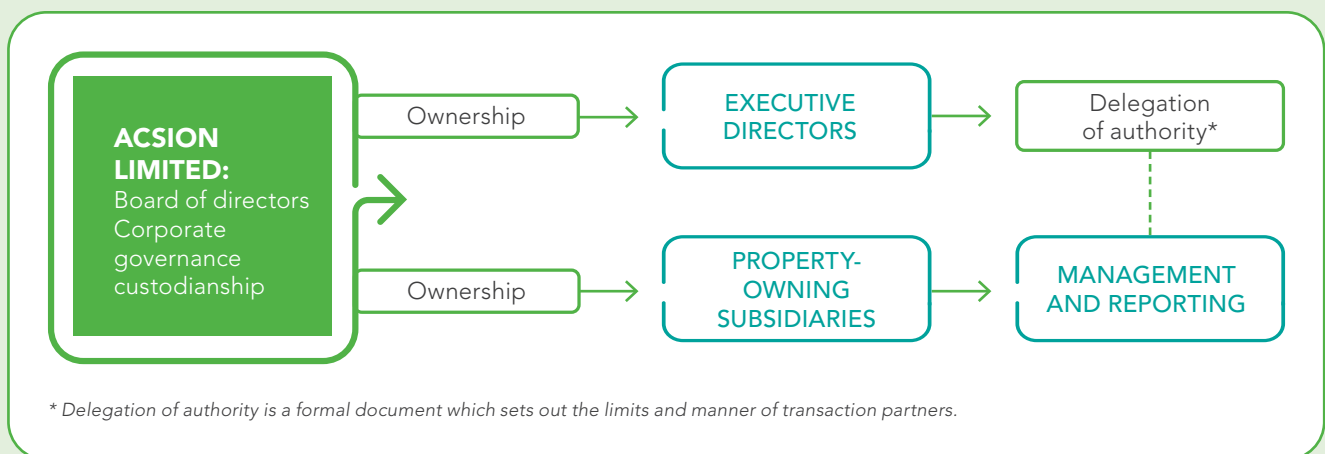
## Holding company



Governed by the Board



Acsion listed on the JSE in 2014





## Anaprop develops and manages the properties owned by **AcSION**.

Anaprop's approach to property development is underpinned by a commitment to create appropriate and affordable developments, which are characterised by cost-effective, aesthetically pleasing designs and cater to the local catchment market needs.

**Anaprop** Property Management was formed in 2004.

### Developed properties:

**Mall@Carnival**  
Regional shopping centre  
valued at **R2.800 billion**

**Mall@55**  
Convenience centre  
valued at **R325 million**

**Mall@Lebo**  
Small regional centre  
valued at **R516 million**

**Simarlo Rainbow**  
Light industrial/commercial  
property valued at **R49 million**

**Mall@Moutsiya**  
Community centre  
valued at **R253 million**

**Mall@Emba**  
Community centre  
valued at **R614 million**

**Hyde Park Terrace**  
Residential development  
valued at **R55 million**

**Moreleta Square**  
Neighbourhood centre  
valued at **R141 million**

**Mall@Reds**  
Regional shopping centre  
valued at **R1.414 billion**

**Mall@Mfula**  
Community centre  
valued at **R310 million**



### Anaprop's services include:

#### Asset management

- Market research, analysis and strategic planning
- Site evaluation and feasibility studies
- Conceptualisation, layout and design functionality
- Leasing and strategic leasing plan
- Development facilitation
- Identification and assessment of property location
- Securing property rights
- Networking with national tenants
- Independent research

#### Property management

- Leasing
- Facilities management
- Retail management and consulting
- Retail leasing of new developments and upgrades
- Marketing and promotions

#### Development project management

- Appointment and co-ordination of professional team
- Tenant co-ordination and administration
- Appointment of contractors

# Acsion strategy



## Key milestones

### 1995 – 1999

- 1995 – K Anastasiadis completes first commercial property development
- 1997 – Phase I of Simarło Rainbow opens
- 1999 – Moreleta Square phase I opens

### 2003 – 2004

- 2003 – Mall@Reds phase I and phase II open
- 2004 – Anaprop Property Management formed

### 2018 – 2020

- 2018 – Mall@55 opens
- 2019 – Acsiopolis, Sandton reaches stage completion of 80%  
Obtain permit to develop in Larnaca, Cyprus
- 2020 – Development in Larnaca, Cyprus reaches stage completion of 45%  
Mall@Moutsiya KFC drive-through opens

### 2016 – 2017

- 2017 – Mall@Moutsiya and Mall@Mfula open  
Concludes lease of land in Cyprus for first international development  
Construction of Acsiopolis, Sandton commences

## NEW AND EXISTING PIPELINE DEVELOPMENTS

- |  |  |  |  |
|--|--|--|--|
| <b>1</b>   Source and secure new property opportunities with potential to deliver required returns | <b>2</b>   Assess the commercial viability of newly identified as well as existing pipeline developments | <b>3</b>   Acquire or lease strategically located land identified as meeting feasibility requirements for future development | <b>4</b>   Develop on land procured via purchase or lease utilising "value engineering principles" |
|--|--|--|--|

## DEVELOPED PROPERTIES

- |  |   |  |
|--|---|--|
| <b>1</b>   Manage developed property portfolio to generate annuity income and further capital growth | <b>2</b>   Expand existing developments based on feasibility studies and demand | <b>3</b>   Renovate developed properties when required to protect property value |
|--|---|--|

## THE FUTURE:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Completion of Acsiopolis</li> <li>• International expansion into Larnaca, Cyprus</li> <li>• Expansions of existing malls based on feasibility studies</li> </ul> | <ul style="list-style-type: none"> <li>• Commercial viability assessment of development pipeline opportunities in Africa</li> <li>• Sourcing and securing new development opportunities in Africa and Europe</li> </ul> |
|---|---|

### 2005 – 2007

- 2005 – Mall@Carnival phase I opens  
Mall@Reds phase III opens
- 2007 – Mall@Emba phase I opens  
Mall@Reds phase IV opens

### 2009 – 2010

- 2009 – Mall@Reds phase V opens

### 2014 – 2015

- 2014 – Mall@Lebo opens  
Acsion lists on the JSE  
Purchase of Acsiopolis land parcel
- 2015 – Mall@Carnival Phase III opens  
First investment in solar

### 2011 – 2013

- 2011 – Mall@Carnival phase II opens
- 2012 – Mall@Emba phase II opens
- 2013 – Mall@Reds phase VI opens

# Property portfolio

Despite the 2020 financial year being challenging for retailers, faced with a weak economy, consumers under pressure and a volatile political landscape, we have managed to achieve some growth within our portfolio.

## MALL@CARNIVAL



### REGIONAL SHOPPING CENTRE VALUED AT

**R2.800 billion**

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

**Acquisition date:** May 2004

**GLA of 90 615 m<sup>2</sup>**

## MALL@REDS



### REGIONAL SHOPPING CENTRE VALUED AT

**R1.414 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 54 740 m<sup>2</sup>**

## MALL@EMBA



### COMMUNITY CENTRE VALUED AT

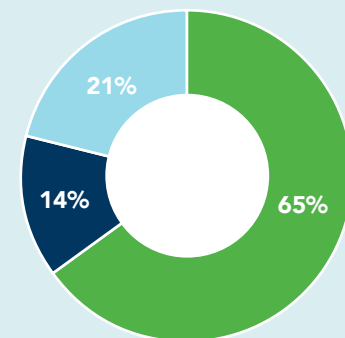
# R614 million

- Cnr eMbalenhle Avenue and Old Provincial Road, 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

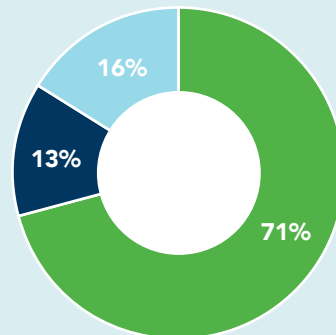
**GLA of 24 668 m<sup>2</sup>**

#### Tenant profile by revenue



● National ● Line ● Semi-national

#### Tenant profile by GLA



● National ● Line ● Semi-national

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 South African Property Owners Association ("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.

## Property portfolio (continued)

We are focused on achieving our goals and targeted growth in 2021 and diversifying our portfolio further.

### MALL@LEBO



**SMALL REGIONAL CENTRE  
VALUED AT**

**R516 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 23 534 m<sup>2</sup>**

### MALL@MFULA



**COMMUNITY CENTRE  
VALUED AT**

**R310 million**

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

**Acquisition date:** May 2013  
**GLA of 17 930 m<sup>2</sup>**

## MALL@55



### CONVENIENCE CENTRE VALUED AT

**R325 million**

- Cnr R55 and Marais Road, 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 15 685 m<sup>2</sup>**

## MALL@MOUTSIYA



### COMMUNITY CENTRE VALUED AT

**R253 million**

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

**Acquisition date:** November 2010

**GLA of 14 703 m<sup>2</sup>**

## Property portfolio (continued)

Our development in Cyprus 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

**R141 million**

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

**Acquisition date:** October 1999  
**GLA of 8 555 m<sup>2</sup>**

### SIMARLO RAINBOW



#### LIGHT INDUSTRIAL/COMMERCIAL PROPERTY VALUED AT

**R49 million**

- 118 Edward Avenue, Hennopspark, Centurion, Gauteng
- 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 6 891 m<sup>2</sup>**

## HYDE PARK TERRACE



### RESIDENTIAL DEVELOPMENT VALUED AT

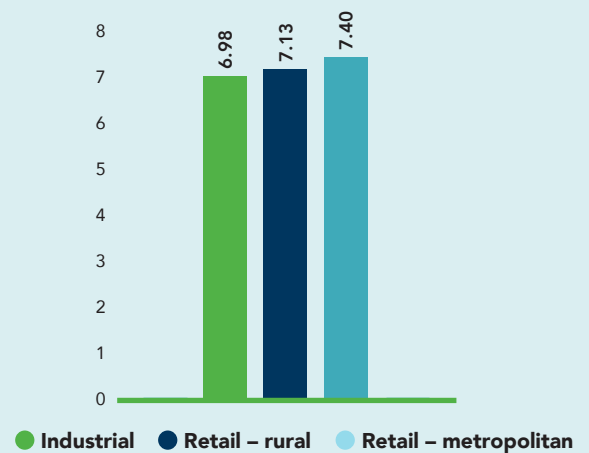
# R55 million

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

**Acquisition date:** November 2013

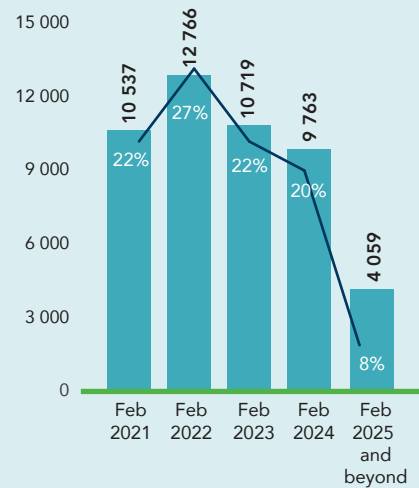
### Lease escalation profile

Weighted average lease escalation by GLA and sector (%)

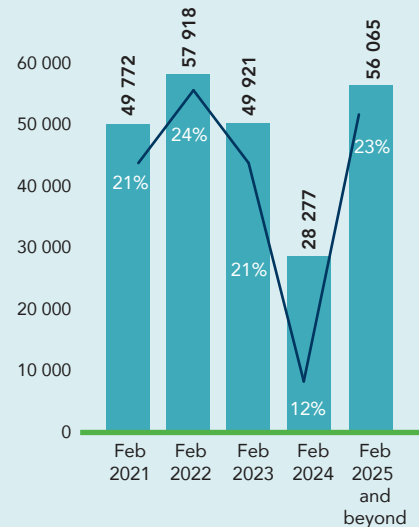


### Lease expiry profile by

Revenue (R'000 and %)



GLA (sqm and %)



## Property portfolio (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:

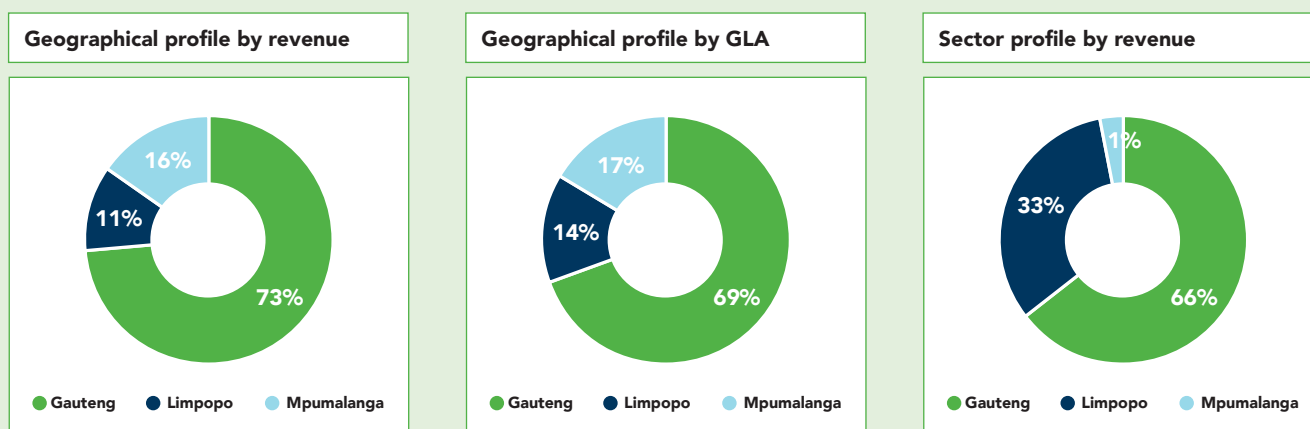
1. Developed investment properties
2. Local developments under construction
3. Local future development opportunities
4. International future development opportunities

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



\* Percentage indicates effective holding by AcSION Limited.

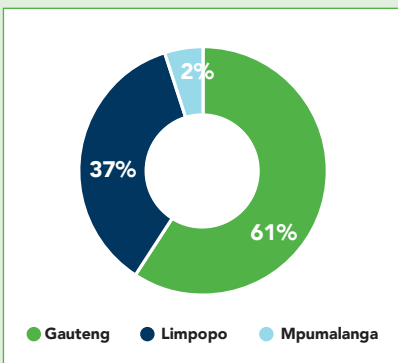
### Current developed portfolio's geographic and sector profiles



## Our current pipeline footprint



Sector profile by GLA



### VACANCY PROFILE

WEIGHTED VACANCY PER GLA

**Retail: 4.37%**  
**Industrial: 21.48%**

### OPERATING YIELDS

AVERAGE

**6.65%**

### WEIGHTED AVERAGE

RENTAL/SQM BY GLA PER SECTOR

RETAIL – METROPOLITAN

**R176.80**

RETAIL – RURAL

**R171.03**

LIGHT INDUSTRIAL

**R62.78**

# Chairman's Report

The retail sector outlook remains challenging with constantly changing retail trends necessitating customisation of tenant mixes in line with these trends.



**David Green**  
Chairman

## Real estate market and economy

While the South African property sector and every other sector of our fragile economy deals with the realities of the 2020 global meltdown driven by the Covid-19 pandemic, we emerge from the already difficult economic climate of 2019 which was the result of our already weak local political and economic climate. As we reflect on the calendar year ending December 2019, no one could have foreseen the challenges 2020 would hold. Now almost every global economy faces uncertain economic times and unpredictable futures!

For the year as at 31 December 2019 SA Equities were the best performers at 12.5%, followed by SA Bonds at 10.32%, cash at 7.29% and property at 1.93%. At that time forward yields on listed property were estimated at an average of 10% with a focus on income growth instead of capital appreciation. The Listed Property sector has however seen significant write-downs in share values between November 2019 and April 2020 of almost 34.2% on the back of the impact of Covid-19 on local and foreign markets.

As previously reported there has been little improvement with regard to municipal service delivery, erratic power supply, deteriorating infrastructure and restricted government spending on all but the civil service. This, compounded with excessive increases specifically with regard to Local Authority Assessment rates, has directly impacted net rental flows on real estate investments throughout the country and specifically in Tshwane. General increases in other operating costs such as electricity and water, security and cleaning charges have also diluted net rental returns.

## Governance and board

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

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

In the five years that the Acsion property fund has been listed on the Johannesburg Stock Exchange, the entrenched policy of strict adherence to sound asset management principles, focus on value engineering regarding both current and proposed developments and our approach to defensive Property Management have resulted in predictable and stable earnings growth.

The development of Acsiopolis located in Benmore, Sandton has not been without its construction challenges, but it is now on track and progressing well with completion anticipated during 2021. Acsiopolis will primarily introduce more than 1 000 units of well-priced quality residential letting stock into the northern Johannesburg market along with a superior retail offering which should also be well received. Additionally, superior conference

facilities will be available and more than adequate parking provision bode well for the success of this outstanding property development which has already changed the skyline.

The ongoing development of the Mall@Larnaca located in Cyprus is also progressing in line with projections, and the outlook remains extremely promising despite challenging times. Acsion is excited at the prospect of including this dominant development to its stable of successful retail malls. It is anticipated that construction of the Mall@Larnaca will be completed by early 2021.

## Outlook

As was the case in the prior year, the retail sector outlook remains challenging, but the Acsion team is positive and focused on the core importance of tenant retention while understanding the constantly changing retail trends and the necessary customisation of tenant mixes in line with these trends.

We have also seen the difficulties brought about by the financial challenges experienced by retail houses such as Edcon and the fund has put in place alternative processes to navigate any eventuality that may arise as best as it can.

Acsion has always focused on the moderation of its asking rental rates in relation to the market, and importantly focused on maintaining its existing tenant base while refining expenditure wherever possible. The ongoing maintenance, upgrade and extensions at the retail centres has also proved to be beneficial to both the retail occupiers and the fund itself. Additional revenue streams have also been successfully explored. These have included substantial solar power installations at its malls along with stimulation of non-GLA revenue returns. The rewards on these initiatives have been clearly evident over the period under review.

Having considered the ever-changing economic landscape, Acsion looks forward to the forthcoming year along with the challenges it may bring. With the continued insights and expertise of its leadership and management team along with the guidance of the Acsion Board, we remain confident that the underlying assets will perform in line with forecasts and that the new developments and upgrades to the current portfolio will deliver results in line with Acsion's shareholder expectations.

## Appreciation

In this regard, I would like to thank the Acsion board and management for their dedication and guidance throughout the year and beyond. We also thank the various committees for their ongoing support and diligent approach to running the affairs of the Company. We remain mindful of the challenges the industry will face throughout 2020 and beyond, but remain confident that the future will bring steady and sustained improvement for all in South Africa and beyond.



**David Green**  
Chairman

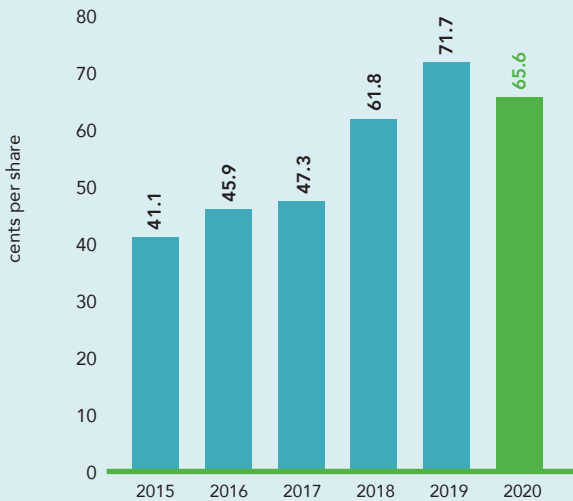
# Chief Executive Officer's report

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

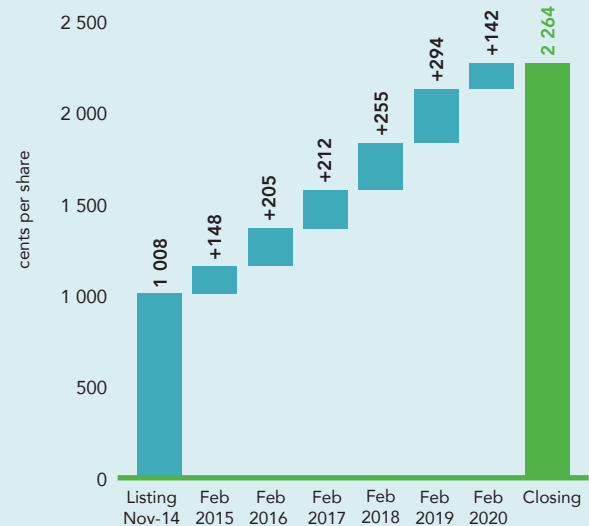


**Kiriakos Anastasiadis**  
Chief Executive Officer

### Headline earnings per share



### Net asset value per share excluding deferred tax and dividends paid



## The Group

The Acscion Group consists of all facets of property management and development under one consolidated listed entity, managed by Anaprop, our in-house property management company. We have chosen to stay as a Property Development Company on the Johannesburg Stock Exchange as this aligns with our long-term strategic objective of delivering net asset value growth to our stakeholders.

2020 will be a year for the history books, and the challenges the Group and the Property Sector face in the current year of assessment will be with us for years to come. The economic environment in South Africa had started to experience recessionary headwinds and by the close of our financial year Covid-19 had resulted in the lockdown of China and started to spread across Europe and America. The full impact of Covid-19 will only be reflected in our 2021 results, however, a concerted effort has been performed in predicting the effect on our overall results. There is still much uncertainty with regards to the impact Covid-19 will have on our tenants and the portfolio as a whole and therefore we go into our 2021 financial year with caution. Our focus will be to maintain a balance between our operating income and expenses and ensure that we continue to assess new revenue streams and opportunities.

## Pipeline developments

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

In 2019 the Acscipolis development was subject to the construction industry downturn and in 2020 to Covid-19. Most factors that have delayed the project have been outside of the Group's control, and we continue to apply our value engineering to the project to ensure that it will be viable and a product the market will welcome in our new post-Covid-19 world.

Europe was also affected by the lockdown of the construction industry as a result of measures put in place by the Cypriot government to flatten the curve of the Covid-19 virus. Construction was delayed for the period of the lockdown, however it has recommenced, with expected beneficial occupation by tenants in January 2021. The mall is planned to open in February 2021.

The African landscape continues to provide opportunities, albeit with a higher degree of risk. We are pleased to announce that we have concluded our Memorandum of Understanding with the Mozambique Government and are in the process of compiling a feasibility to take the project forward. Covid-19 will definitely add complexity to the feasibility, however we are confident that we will find the best use for the land.

The Zambian economy has not been sheltered from the recessionary pressures and Covid-19 and we continue to investigate the best time to exercise our option on the land in that country.

## Financial performance

During the financial year the Group recorded revenue of R686.9 million (2019: R653.3 million) and a net profit after tax of R490.9 million (2019: R935.1 million). Operating expenses were

## Chief Executive Officer's report (continued)

well contained at R298.1 million (2019: R224.2 million) for the financial year. A large part of the increase in the current year is attributable to Metropolis Mall@Larnaca.

Net profit after tax attributable to ordinary shareholders of R485.4 million (2019: R920.7 million) equated to basic and diluted earnings per share of 123.4 cents (2019: 233.93 cents) and headline earnings per share of 65.61 cents (2019: 71.73 cents) for the year.

The Group had an increase in its net asset value per share (excluding deferred tax) from 2 084.53 in 2019 to 2 226.81 cents per share in 2020.

### 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@Larnaca 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.

### Conclusion

The 2021 year will be filled with challenges and uncertainty. The Group has the right management team in place to navigate the rough waters, and I am confident that this will be our key differentiator in taking on the challenges that our sector and country will face after the pandemic. We will continue to assess and look for growth in every corner of the globe, and are screening and investigating all benefits that the new era will bring.



**Kiriakos Anastasiadis**  
Chief Executive Officer



@ SANDTON

# Material risks and opportunities

## ENTERPRISE RISK MANAGEMENT

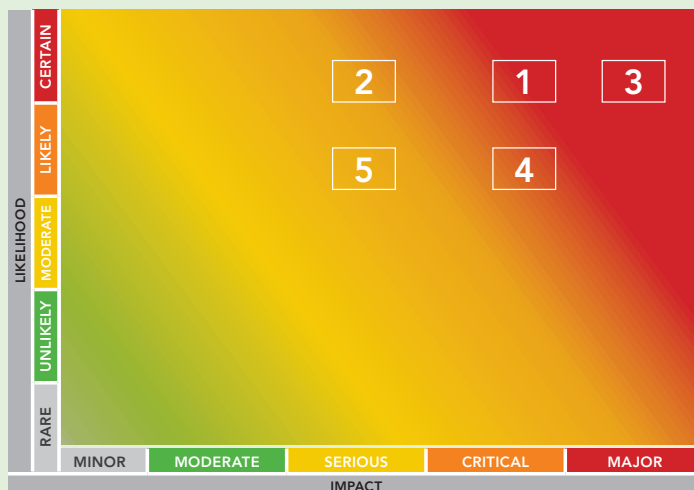
Although risks and opportunities have always been managed within the business, it is now required, as part of the JSE Listings Requirements, that this process is formally bedded down with effective tools being used to actively track and manage specific and enterprise-wide risk.

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 his resignation, David Turner was replaced as Risk Officer by D'Anvo Jones in February 2020. 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").



### Detail of risk



#### 1 | SOUTH AFRICAN ECONOMY









#### 2 | ADMINISTERED COST

#### 3 | RESET OF RENTAL BASE

#### 4 | DIVERSIFICATION

#### 5 | LIQUIDITY

-  Opportunity increased since 2019
-  Opportunity decreased since 2019
-  Risk/opportunity stayed broadly the same since 2019

Opportunities				
Possible impact	Mitigating factors and opportunities	Short-term	Medium to long term	
<ul style="list-style-type: none"> <li>Excessive damage caused by Covid-19 and the resulting period under lockdown.</li> <li>Contraction of the economy within a possible predicted range of 7% to 16%.</li> <li>Increase in closing down of businesses with a contra effect of uncontrollable unemployment.</li> <li>Post Covid-19, the capability to deliver a sustainable power supply to restart the economy could be problematic.</li> </ul>	<ul style="list-style-type: none"> <li>Gearing levels are well below our Peer Group of JSE-listed Property Funds.</li> <li>Staying true to our strategic framework and intent.</li> <li>Unlocking opportunities only where there is real uplift within the exciting portfolio.</li> <li>Increase investment in green energy.</li> <li>Nurture good relationships with current and future tenant base.</li> </ul>			
<ul style="list-style-type: none"> <li>Aggressive increase in municipal costs, especially rates.</li> <li>Cost of occupancy could become uncontrollable with more financial pressure on landlords and tenants.</li> <li>Landlord's inability to pass on additional costs, diluting net operating income and ultimately property values.</li> </ul>	<ul style="list-style-type: none"> <li>Lodging objections to municipality regarding increased rates and valuation tariffs.</li> <li>Revisiting tenant mix and assisting tenants where financially possible to reduce their cost of occupancy.</li> <li>Investigating and reviewing the effectiveness of our operational model to make it more efficient and robust.</li> </ul>			
<ul style="list-style-type: none"> <li>Covid-19 and the resulting lockdown created additional pressures on a retail sector already under pressure with negative rental reversions.</li> <li>An inability to grow revenue together with unpalatable escalation of expenses, creates a negative jaws affect.</li> <li>Fundamentals are further under pressure with vacancies taking longer to fill and thereby destroying value.</li> <li>Breaching of financial covenants during these turbulent times become a higher risk.</li> </ul>	<ul style="list-style-type: none"> <li>Working closely with tenants to adjust size of shops in order to reduce cost of occupancy and have a more sustainable tenant and revenue base.</li> <li>Reposition tenant mix strategically within all malls.</li> <li>Increase investment in green initiatives to reduce cost over time and have an uplift in net operating income.</li> <li>Debt facilities are well within guidance from the Board and as a result well within the financial covenants required by our bankers.</li> </ul>			
<ul style="list-style-type: none"> <li>Current portfolio is substantially weighted towards the retail sector.</li> <li>E-commerce has been identified as an up and coming disruptor towards traditional retail, requiring investment in other areas .</li> <li>Portfolio concentration in SA has motivated a global investment investigation, and more specifically investment in Eastern Europe.</li> </ul>	<ul style="list-style-type: none"> <li>A new strategy was formulated where we investigate to apply a portfolio tilt approach towards other sectors.</li> <li>Mixed-use developments will provide us such an opportunity within key metropolitan nodes.</li> <li>Further investigation to expand into warehousing and distribution offerings complementary to the e-commerce business offering.</li> <li>Investing in Eastern Europe with the first retail development in Cyprus and investigating further opportunities.</li> </ul>			
<ul style="list-style-type: none"> <li>Ability to raise capital in the market is difficult as a result of market confidence and liquidity contained within the property industry.</li> <li>Non-investment grade status of SA resulted in large capital outflows by asset management companies not allowed to invest in non-investment grade destinations.</li> <li>Inward focus from banks as a result of lockdown and Covid-19 pandemic, leading to larger scale uncertainty and lowered appetite to lend money.</li> <li>High volatility on the JSE resulted in the real estate sector losing more than 50% in value.</li> </ul>	<ul style="list-style-type: none"> <li>South African Reserve Bank reduced the repo rate by 2.25% over the past few months with the prime rate currently at 7.75%.</li> <li>Current gearing levels allow us to access potential large headroom facilities when required.</li> <li>No risk of asset managers or other fund managers impacting us negatively, as we have no exposure to them.</li> <li>Volatility on the JSE does not impact us as severely as a result of our current shareholding spread.</li> </ul>			

# 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 Company 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 their 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 IV Report on Corporate Governance and stakeholder expectations.

The executive directors are Mr K Anastasiadis and Ms S le Roux. Sonja Griesel resigned as a member of the Board and Chairman of the Audit and Risk Committee during the 2019 financial year and was replaced by Modi Hlobo. There were no other changes to the Board of directors during the current or prior financial years.

## The Board committees

The Board has created an Audit and Risk 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 Company 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](http://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 black economic empowerment;
- 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 its 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 former banker, a post-graduate in construction, and property management specialist. All but one have more than five 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 R215 000 Non-executive directors R215 000 Managing director R2 948 000 Financial director R1 431 000
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

# Corporate governance report (continued)

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 2020 financial year. The Remuneration Committee and the Board of directors have not recommended any increase for non-executive directors for approval at the Annual General Meeting in 2020.

## Meeting attendance

Board member	Audit and Risk Committee		Remuneration Committee		Social and Ethics Committee		Investment Committee		Board	
	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended
<b>Note:</b> Total means total after appointment										
David Green	4	4					–	–	4	4
Thabani Jali			3	3	3	3			4	3
David Sekete			3	3	3	3	–	–	4	2
Nicholas Bila	4	4							4	3
Kiriakos Anastasiadis					3	3	–	–	4	4
Sandarie le Roux									4	4
Modi Hlobo	4	4	3	3					4	4

## Black economic empowerment ("BEE")

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 BEE 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](http://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:

- i. 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.
- ii. 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.

- iii. 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.

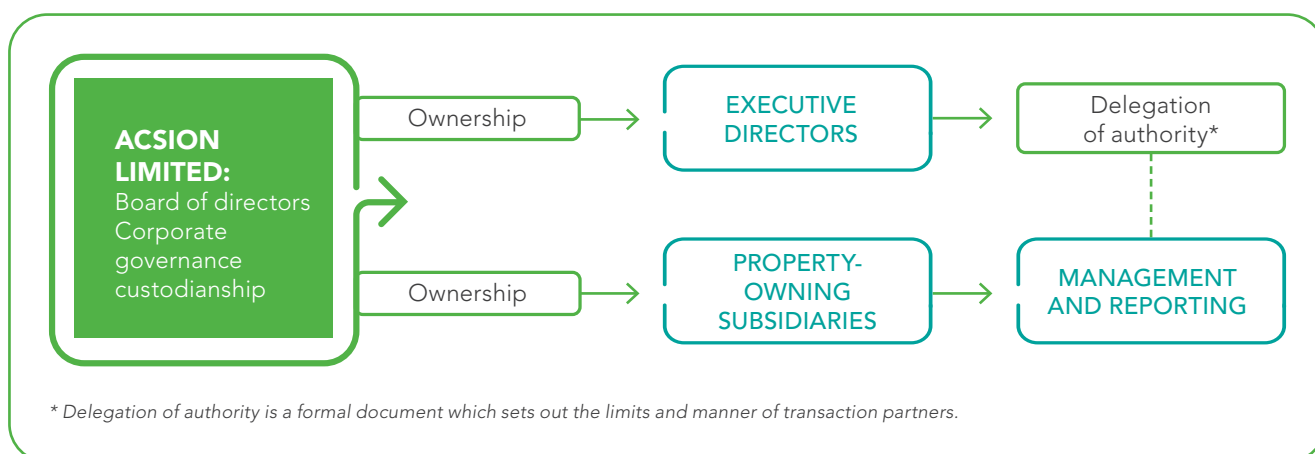
## Other Property valuations

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 below 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.



AcSION Limited principles of governance	AcSION Limited principle implementation
<b>01  </b> Establishes Group ethics, integrity and supporting policies	Policy implemented through training of staff and monitoring of Anaprop Executive Committee by the Board of directors
<b>02  </b> 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
<b>03  </b> Compiles the accountability and report monitoring protocols	New policies with regard to internal auditing, Investment Committee functioning, insider trading, Audit and Risk 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 are budgets and financial performance report backs
<b>04  </b> Institutes fairness and transparency protocols	These protocols have now been incorporated into policy documents
<b>05  </b> Decides on the key components of the Group's corporate citizenship and designs	The Social and Ethics Committee manages this aspect of governance closely and an overarching policy has been developed in the last year. The Company has now developed an effective BEE strategy to attain a compliant status and is currently in the phase of implementation

## Corporate governance report (continued)

Acsion Limited principles of governance	Acsion Limited principle implementation
<p><b>06  </b> Obtains an understanding of and contributes to strategy development, management policy, financial and business performance models</p>	<p>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 64 months of experience and understanding of Acsion’s modus operandi</p>
<p><b>07  </b> Assesses and monitors corporate risk, advises on risk minimisation policies and assesses policy implementation</p>	<p>A new member of the executive team with merger and acquisitions experience has been given ownership of the risk register. In the reporting period under review, the financial manager updated the risk register and it was approved by the Audit and Risk Committee and the Board, and with some guidance from the Chair of the Audit and Risk Committee has amended and updated the register and ensures that implementation takes place at executive level</p>
<p><b>08  </b> Ensures reporting enables informed assessment of performance in the short, medium and long term</p>	<p>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 from time to time</p>
<p><b>09  </b> Drives all governance issues at Acsion</p>	<p>Governance is set in Board-approved policies and follow up occurs in terms of a scheduled meeting matrix. In addition, the company secretary monitors governance at board meetings of both the holding company as well as the subsidiaries. Meetings of the Executive and Management Committees are held regularly on a set roster and minutes are also maintained</p>
<p><b>10  </b> Appoints directors required to ensure the Board has an appropriate “spread” of skills, experience, diversity and independence required to discharge its duties and responsibilities</p>	<p>A Nominations Committee carries out this function and has achieved reasonable diversity at Board level. Female representation improved by the appointment of a female Chair of the Audit and Risk 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</p>
<p><b>11  </b> 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</p>	<p>Board committee chair roles are spread amongst non-executives as are other duties and Anaprop directors have departmental roles with line responsibilities</p>
<p><b>12  </b> Evaluates director and Board performance using appropriate tools to do so and explores potential improvements</p>	<p>Committee member evaluations are carried out by the Audit and Risk Committee</p>
<p><b>13  </b> Approves senior management appointments and delegates duties and responsibilities to them so as to ensure they have appropriate role clarity and authority</p>	<p>Senior management appointments and responsibilities are set by the Board of directors and reviewed by the directors in the case of Anaprop executive directors</p>
<p><b>14  </b> Manages risk governance so as to support the executives in setting and achieving strategic objectives</p>	<p>Risk governance policies are set by the Audit and Risk Committee and managed by the risk officer who reports to the Audit and Risk Committee on these matters</p>

Acsion Limited principles of governance	Acsion Limited principle implementation
<b>15  </b> Makes certain that information technology 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 and Risk Committee and the Board and the Board expands the discussion to use as a business driver when needed
<b>16  </b> Governs data produced by information technology to protect the data and its integrity and to ensure privacy laws and norms are enforced and respected	The Board has reviewed privacy protection, and implemented PAIA manual processes. A formal process and data information policy is currently in development
<b>17  </b> 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
<b>18  </b> 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 progress has been made in implementation for lower levels. This ensures fairness in performance measurement and promotions
<b>19  </b> 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 full-time internal auditor with a three member team and a full-time operations inspector who jointly audit, monitor and report on internal controls to an external chartered accountant, currently the Company secretary. The 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
<b>20  </b> 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	These actions remain to be implemented in the 2021 financial year
<b>21  </b> 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



**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 31 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 since 2019. He received a Lifetime Achievement Property Award from SAPSIA in 2019.

**ADV. DAVID GREEN (58)**



**Chief Executive Officer**  
PR ENG MSc Eng (Structural)

Kiriakos started the first development that forms part of the Group, now known as Acsion, approximately 22 years ago. He holds a Masters Degree in BSc Structural Engineering and is a registered professional engineer with over 40 years' construction and property development experience.

**MR KIRIAKOS ANASTASIADIS (67)**



**Independent non-executive director**  
BSc, MBChB, MSc Med  
*Chairman: 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 11 years. 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 South African Medical Association.

**DR DAVID SEKETE (66)**



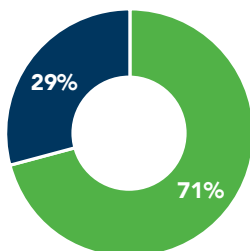
**Independent non-executive director**  
BA, LLB, LLM

Thabani has over 24 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, Tyme Bank Limited and Tyme Bank Holdings Limited. He is a 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 THABANI JALI (61)**

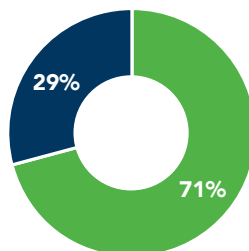


## Director classification



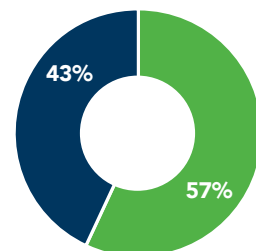
● Independent non-executive ● Executive

## Gender diversity



● Male ● Female

## Equity diversity



● ACI ● White



**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.

**MRS MODI HLOBO (44)**



**Independent non-executive director**  
 BCom Honours (Accounting), CA(SA)

Nicholas Bila joined the Audit and Risk 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.

**MR NICHOLAS BILA (39)**



**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.

**MS SANDARIE LE ROUX (46)**



**Group secretary**  
 BCom Hons, CA(SA) BA C.IFRS

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. 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 16 years.

**MR MICHAEL REYNOLDS (59)**

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.

**BOARD ATTENDANCE FOR 2020**

**93%**

**Member of the**

- RC** REMUNERATION COMMITTEE
- NC** NOMINATIONS COMMITTEE
- SEC** SOCIAL AND ETHICS COMMITTEE
- ARC** AUDIT AND RISK COMMITTEE
- IC** INVESTMENT COMMITTEE

**Director's tenure**



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Acision will continue to **explore** local and international **opportunities** in the year ahead.

“**explore**”

# Audit and Risk Committee report

for the year ended 29 February 2020

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 IV Report on Corporate 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 to ensure access to all financial information to effectively prepare and report on Financial Statements for each company within the Group.

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 have 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 29 February 2020.

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 remain 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 of 1952, the Value-added Tax Act of 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;
- ensuring 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

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	4/4
Nicholas Bila	Independent non-executive director	4/4
David Green	Independent non-executive director	4/4

## 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 2019/2020 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 2019/2020 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 auditors 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		

# Audit and Risk Committee report (continued)

for the year ended 29 February 2020

## Covid-19 pandemic

Subsequent to Acision's financial year-end, the South African government imposed a national lockdown on the country due to the outbreak of the Covid-19 pandemic. As a result, Acision disclosed the effect of the Covid-19 pandemic in the current Annual Financial Statements as a non-adjusting subsequent event and the Audit and Risk Committee is comfortable with the disclosure in note 37.

Furthermore, the Audit and Risk Committee has assessed the financial impact of the pandemic on Acision's business operations and is confident that Acision has adequate financial resources to continue its business operations in the foreseeable future and accordingly is comfortable that the Annual Financial Statements are prepared on a going concern basis.

## 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 Acsiopolis;
- valuation of Mall@Larnaca;
- valuation of investment properties;
- impairment assessment of the intangible asset 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.

### Valuation of Acsiopolis and Mall@Larnaca

The Audit and Risk Committee had assigned an independent property valuation expert to value the Acsiopolis mixed-use property investment as well as the Mall@Larnaca. The Audit and Risk 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 the investment values. They concluded that the model and assumptions used to value the properties were appropriate and the values derived by Acision's independent expert were 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 from 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 auditors 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 intangible asset relating to 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 intangible asset exceeded the carrying amount, we concur that no impairment was deemed necessary.

Refer to the Annual Financial Statements note 8.

### 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 2019/20 financial year.

Refer to the Annual Financial Statements note 7 on goodwill.

## Summary

The Committee is satisfied that the Annual Financial Statements appropriately addresses 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 values of Acsiopolis and the Mall@Larnaca, the value of investment properties, goodwill, intangible assets 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 31 May 2021 and the current financial position. The consolidated and separate Annual Financial Statements have been prepared on the going concern basis. For the year ending 29 February 2020, the Group's current liabilities exceeded current assets due to the expiry of the main Group facility, however the committee is comfortable that the loan facility will be renewed and that this will address the Company's liquidity position.

## Internal audit

Acsion 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 has been appointed as the external auditor of Acsion and its subsidiaries, in terms of JSE Listings Requirements 3.84(g). Deloitte has been the auditors for four 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.

The Audit and Risk Committee is satisfied with the audit services provided by Deloitte for the year 2019/2020. The auditor's remuneration for the year ended 29 February 2020 amounted to R1.9 million. Furthermore, during the financial year the external auditors provided non-audit assurance for the Standard Bank loan facility which amounted to R10 000 which is an insignificant amount that has no impact on the external auditors independence.

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

# Audit and Risk Committee report (continued)

for the year ended 29 February 2020

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.



Material risks relating to the Group are available at <https://www.acsionsa.co.za/>.

Acsion'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 Acsion shares, disclosure of conflicts of interest, as well as formal levels of authority and delegated signing authorities for business transactions.

Acsion 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

28 May 2020

# Directors' responsibilities and approval

for the year ended 29 February 2020

The directors are required in terms of the Companies Act 71 of 2008 ("Companies Act") 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 Acision Limited ("Acision") 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 ("IFRS").

The consolidated and separate Annual Financial Statements are prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements issued by Financial Reporting Standards Council and the Companies Act 71 applicable to companies reporting under IFRS and the JSE Listings Requirements 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 confirm that the Company is in compliance with the provisions of the Companies Act and operating in conformity with its Memorandum of Incorporation and other relevant constitutional documents.

The directors have reviewed the Group's and Company's cash flow forecast for the year to 31 May 2021 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 and will negotiate to replace any expiring facilities in order to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate Annual Financial Statements. The consolidated and separate Annual Financial Statements have been examined by the Group's external auditors and their report is presented on pages 39 to 43.

The consolidated and separate Annual Financial Statements set out on pages 48 to 99, which have been prepared on the going concern basis, were approved by the Board on 28 May 2020 and were signed on their behalf by:



**D Green**  
Chairman

28 May 2020



**K Anastasiadis**  
Chief Executive Officer



## Group secretary's confirmation

for the year ended 29 February 2020

### 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.



**Michael Reynolds**

CA(SA) RA(SA)

Company secretary

28 May 2020

# Independent auditor's report

for the year ended 29 February 2020

## To the shareholders of Acision Limited

### Report on the audit of the consolidated and separate Financial Statements

#### Opinion

We have audited the consolidated and separate Financial Statements of Acision Limited ("the Group" and "Company") set out on pages 48 to 99, which comprise the consolidated and separate statements of financial position as at 29 February 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate 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 and Company as at 29 February 2020, 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 and Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of Financial Statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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
<b>Valuation of investment property</b>	
<p>As disclosed in note 6, investment property amounted to R8.7 billion (2019: R8.3 billion) and the fair value adjustment recorded in profit for the year was R304.6 million (2019: R837.9 million).</p> <p>The Group's investment property comprised mainly completed developments and developments under construction.</p> <p>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.</p> <p>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 three-year cycle. The remaining properties are valued by the directors.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We assessed the competence, capabilities and objectivity of the directors' independent external 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;</li> <li>We assessed the experience, competence and capability of the director who performed the other investment property valuations;</li> <li>We confirmed that the approaches used by the independent external valuers and director was in compliance with the IFRS and consistent with industry norms;</li> <li>We made use of our independent experts to evaluate a selection of valuations performed by the directors' independent external valuers and the director. We, and our independent experts, paid particular attention to the valuation models used, the inputs into those models, and the significant assumptions applied;</li> </ul>

# Independent auditor's report (continued)

for the year ended 29 February 2020

Key audit matter	How the matter was addressed in the audit
<b>Valuation of investment property (continued)</b>	
<p>The valuation of investment properties is dependent on assumptions and judgements such as vacancy rates, expenditure escalation rates, revenue escalation rates, discount rates, capitalisation and exit capitalisation 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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• We compared the discount and exit cap rates to that of the November 2019 South African Property Owners Association report;</li> <li>• We also performed an assessment of design and implementation of the relevant controls that the Group has in place pertaining to the valuation of its investment property; and</li> <li>• 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.</li> </ul> <p>We found that the valuation models, assumptions and input information to be appropriate.</p> <p>The disclosures pertaining the investment property were found to be appropriate in the consolidated Financial Statements.</p>
<b>Valuation of the Acsiopolis development</b>	
<p>As disclosed in note 3 and note 4 to the Financial Statements, the Acsiopolis development amounted to R1.7 billion (2019: R1.7 billion) and the fair value adjustment recorded in net profit for the year in respect of investment property was R4.6 million (2019: R608.7 million).</p> <p>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.</p> <p>This is the first property development of Acision 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 which is situated in Sandton. This development represents the largest single phase development the Group has undertaken to date.</p> <p>The Group uses an independent external valuer to determine the fair value for the property on an annual basis.</p> <p>The property is currently under-development and is dependent on assumptions and judgements such as the achievement of a five star rating, average daily room rates, occupancy rates, net profitability and the cap rate.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We assessed the competence, capabilities and objectivity of the directors' independent external 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;</li> <li>• We held meetings with the independent external valuer in order to confirm that the approaches used is consistent with the IFRS and industry norms;</li> <li>• We further investigated any changes in assumptions from those applied in the prior year valuations;</li> <li>• We made use of our independent expert to evaluate the valuation performed by the directors' independent external valuer. We, and our independent expert, paid particular attention to the valuation models used, the inputs into those models, and the significant assumptions applied;</li> <li>• We also performed an assessment of the relevant controls that the Group has in place pertaining to the valuation of its property; and</li> <li>• 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.</li> </ul> <p>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.</p> <p>The disclosures pertaining the development were found to be appropriate in the consolidated Financial Statements.</p>

Key audit matter	How the matter was addressed in the audit
<b>Impairment assessment of goodwill</b>	
<p>As disclosed in note 7, the carrying value of goodwill amounted to R625.5 million (2019: R625.5 million).</p> <p>Goodwill originated during the formation of the Acsion Limited Group and represents a premium paid in relation to Anaprop Property Management. This goodwill is as a result of 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.</p> <p>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.</p> <p>Accordingly, due to the high estimation uncertainty, the impairment assessment of goodwill is considered to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Critically evaluating the determination of the CGU;</li> <li>• Evaluating whether the model used by management to calculate the value-in-use of the CGU complies with the requirements of IAS 36;</li> <li>• Engaging our internal specialist to perform a review on the weighted average cost of capital rate used in the impairment model;</li> <li>• Assessing the assumptions applied and inputs used in the respective models; and</li> <li>• Performing sensitivity analyses on the growth and discount rates.</li> </ul> <p>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.</p> <p>We considered the disclosure of the assumptions applied in the goodwill impairment disclosures and found those to be appropriate.</p>
<b>Impairment assessment of the intangible development project asset relating to Mall@Maputo</b>	
<p>As disclosed in note 8, the total carrying value of intangible development project assets amounted to R233.3 million (2019: R233.3 million) and comprise, amongst others, R200 million that arose upon formation of the Group to obtain the future development rights to Mall@Maputo. Subsequent to the recognition of this intangible asset, a Memorandum of Understanding (MOU) was entered with the Mozambican government.</p> <p>Due to the fact that a contract has not yet been signed by the Mozambican government and that no construction has taken place on this project, uncertainty arose on whether this intangible development project asset should be impaired in the Financial Statements.</p> <p>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.</p> <p>This assessment of whether there was a need for any potential impairment was complex.</p> <p>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.</p>	<p>Considering the potential impairment of the assets, we have included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> <li>• Considering the director's intention to continue with the project;</li> <li>• Evaluating whether the model used by the directors to calculate the value-in-use of the intangible asset complied with the requirements of IAS 36;</li> <li>• Assessing of inputs and the assumptions used by the directors in the value-in-use model in comparison to the prior year; and</li> <li>• Performing sensitivity analyses on the growth and discount rates used within the model.</li> </ul> <p>We concur with the directors' assessment that no impairment is required.</p> <p>The disclosures in the consolidated Financial Statements pertaining the judgements and assumptions applied by the directors were found to be appropriate.</p>

# Independent auditor's report (continued)

for the year ended 29 February 2020

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled Acision Limited Annual Financial Statements for the year ended 29 February 2020, which includes the directors' report, the Audit and Risk Committee's report and the Company secretary's certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated 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 and will 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 four years.

**Deloitte & Touche**

#### Deloitte & Touche

Registered Auditor  
Per: Johan van der Walt  
Partner

28 May 2020

5 Magwa Crescent  
Waterfall City  
2090  
South Africa

# Directors' report

for the year ended 29 February 2020

The directors have the pleasure in submitting their report on the consolidated and separate Annual Financial Statements of Acision Limited for the year ended 29 February 2020.

## 1. Nature of business

Acision 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 and 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 2020 was R687.0 million (2019: 653.4 million). The increase was mainly due to normal rent escalations. Other income supplemented rental revenue by R2.4 million (2019: R9.3 million).

Operating expenses increased by 33.0% (2019: 0.3% increase). Factors contributing to the increase included structural repairs and roadworks at retail centres, increase in municipal charges (especially electricity usage and rates increases) and a substantial increase in depreciation charges due to building costs allocated to property, plant and equipment (refer note 4).

The increase in finance cost from R61.7 million in 2019 to R63.8 million in 2020 can mainly be attributed to an additional facility. 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 R8.7 billion (2019: R8.3 billion). Total property under control of the Group therefore increased by 5.8% year on year.

The intangible asset consists 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 2021 financial year.

Goodwill equates to R625.5 million (2019: 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 29 February 2020 equated to 2 226.81 cents (2019: 2 084.53 cents) representing a 6.8% growth year on year. Net asset value is used as the measure for trading statement purposes.

	2020 R'000	2019 R'000	2020 Number of shares '000	2019 Number of shares '000
<b>3. Share capital</b>				
<b>Authorised</b>				
Ordinary no par value shares			10 000 000	10 000 000
<b>Issued</b>				
Ordinary no par value shares	3 979 956	3 979 956	393 383	394 960
Treasury shares	(12 341)	(11 878)	(25)	(1 577)
	<b>3 967 615</b>	3 968 078	<b>393 358</b>	393 383

Refer to note 16 for details of the movement in issued share capital.

#### 4. Authority to buy back shares

At the last Annual General Meeting (“AGM”) held on Wednesday, 31 July 2019, 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 25 000 (2019: 239 143) shares were repurchased for R181 250 at 725 cents per share during the current year in terms of this authority bringing the total treasury shares held to 1 602 193.

#### 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 29 February 2020.

#### 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 programme, 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
DJ Green	Chairperson and Audit and Risk Committee member	Non-executive independent	South African
K Anastasiadis	Chief Executive Officer	Executive	Greek
PD Sekete	Director and Social and Ethics Committee Chair	Non-executive independent	South African
M Hlobo	Director and Audit and Risk Committee Chair	Non-executive independent	South African
TSB Jali	Director and Remuneration Committee Chair	Non-executive independent	South African
S le Roux	Chief Financial Officer	Executive	South African
HN Bila	Director and Audit and Risk Committee member	Non-executive independent	South African

## Directors' report (continued)

for the year ended 29 February 2020

### 9. Directors' interests in shares

As at 29 February 2020, the directors of the Company held direct and indirect beneficial interests in 75.26% of its issued ordinary shares, as set out below.

	2020 Direct number of shares	2019 Direct number of shares	2020 Indirect number of shares	2019 Indirect number of shares
K Anastasiadis	7 621 372	7 487 522	290 867 136	290 867 136
PD Sekete	–	–	523 995	523 995
TSB Jali	–	–	500 694	500 694
	<b>7 621 372</b>	7 487 522	<b>291 891 825</b>	291 891 825

There has been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report. None of the directors' shareholding have been encumbered or offered as security.

### 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 Projects Proprietary Limited of which K Anastasiadis is the sole member, undertook various projects such as 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 2020 financial year K Anastasi Projects Proprietary Limited continued roadworks at Mall@55, finished revamping Mall@Emba, did structural repairs at some of the malls and took over the Acsiopolis development. Refer to note 33 in the Annual Financial Statements for further detail regarding the transactions with related parties.

### 11. Investment property and plant and equipment

During the year the Group increased its investment in investment property and plant and equipment by R303.0 million (2019: R390.0 million). Depreciation on plant and equipment of R53.9 million (2019: R27.5 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 Wednesday, 31 July 2019.

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 its subsidiary to participate in share repurchase transactions.

- **Authority to issue shares to directors who elect dividend reinvestment options**

The special resolution was approved to provide this option for persons contemplated in terms of section 41(1) of the Companies Act.

#### 14. Events after the reporting period

The ultimate effect of the Covid-19 outbreak in South Africa on Acision Limited is still uncertain even though we do expect some tenants to be severely impacted. (Refer to note 37 for more detail).

Subsequent to year-end, the credit rating agencies have also downgraded South Africa even further below investment status.

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 have 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 are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company except for material changes resulting from Covid-19. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group 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 31 May 2021 and the current financial position. For the year ended 29 February 2020, the current liabilities exceed current assets for the Group due to the expiry of the main Group facility during February 2021. The facility is secured over the property held by Proc Corp 160 Proprietary Limited. The directors are comfortable that the facility will be renewed or replaced. The inter-company loan of R427 million payable by the Company has been subordinated for liquidity purposes.

#### 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 previous 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 still uncertain. During the current year, an insurance guarantee was paid out to the entity owing the construction site. The insurance guarantee of R55.8 million was paid on an adjudication instruction which has subsequent to payment been taken to arbitration, the outcome of arbitration being uncertain. The funds will be utilised to correct any subsequent building defects resulting from work performed by the previous contractor.

#### 17. Auditors

Deloitte & Touche was appointed as auditor for the Group for 2020. The Group will go out on tender for the 2021 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 29 February 2020

	Note(s)	GROUP		COMPANY	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment property	3	7 854 029	7 409 903	-	-
Property, plant and equipment	4	747 674	671 533	-	-
Operating lease asset	5	132 470	143 641	-	-
Goodwill	7	625 464	625 464	-	-
Intangible development project asset	8	233 296	233 296	-	-
Investments in subsidiaries	9	-	-	3 910 682	3 910 682
Investments in associates	10	-	1 541	-	-
Other financial assets	11	5 432	5 432	-	-
Deferred tax	17	46 622	24 352	-	-
		<b>9 644 987</b>	<b>9 115 162</b>	<b>3 910 682</b>	<b>3 910 682</b>
<b>Current assets</b>					
Operating lease asset	5	23 279	13 144	-	-
Current tax receivable		2 213	2 504	194	194
Loans to Group companies	12	-	1 699	325 232	483 613
Trade and other receivables	14	26 219	72 010	4 560	4 582
Loans to shareholders	13	4 053	4 053	-	-
Cash and cash equivalents	15	223 080	74 612	20 695	109
		<b>278 844</b>	<b>168 022</b>	<b>350 681</b>	<b>488 498</b>
<b>Total assets</b>		<b>9 923 831</b>	<b>9 283 184</b>	<b>4 261 363</b>	<b>4 399 180</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	16	3 967 615	3 968 078	3 979 956	3 979 956
Reserves		38 793	22 567	-	-
Retained income		3 314 304	2 828 881	(147 015)	(146 388)
Equity attributable to equity holders of parent		7 320 712	6 819 526	3 832 941	3 833 568
Non-controlling interest	39	61 045	55 565	-	-
		<b>7 381 757</b>	<b>6 875 091</b>	<b>3 832 941</b>	<b>3 833 568</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax	17	1 485 214	1 405 014	-	-
Other financial liabilities	18	48 928	630 004	-	560 573
Right-of-use lease liability	19	219 986	209 588	-	-
		<b>1 754 128</b>	<b>2 244 606</b>	<b>-</b>	<b>560 573</b>
<b>Current liabilities</b>					
Loans from shareholders	13	3 280	3 151	-	-
Other financial liabilities	18	583 732	23 453	407	-
Right-of-use lease liability	19	7 301	-	-	-
Provisions	20	4 529	3 767	-	-
Trade and other payables	21	186 020	128 270	1 110	4 940
Current tax payable		3 078	4 747	-	-
Loans from Group companies	12	-	-	426 899	-
Dividend payable		6	99	6	99
		<b>787 946</b>	<b>163 487</b>	<b>428 422</b>	<b>5 039</b>
<b>Total liabilities</b>		<b>2 542 074</b>	<b>2 408 093</b>	<b>428 422</b>	<b>565 612</b>
<b>Total equity and liabilities</b>		<b>9 923 831</b>	<b>9 283 184</b>	<b>4 261 363</b>	<b>4 399 180</b>

# Statements of profit or loss and other comprehensive income

for the year ended 29 February 2020

	Note(s)	GROUP		COMPANY	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
Revenue	22	686 973	653 351	-	-
Other operating income	23	2 329	9 345	8 639	8 817
Other operating expenses		(298 124)	(224 223)	(9 605)	(8 750)
<b>Operating profit/(loss)</b>	24	<b>391 178</b>	438 473	<b>(966)</b>	67
Investment income	25	14 171	13 917	46 787	49 147
Finance costs	26	(63 765)	(61 654)	(46 448)	(49 219)
Profit from associate		-	70	-	-
Loss on sale of non-current assets held-for-sale		-	(68)	-	-
Foreign exchange gains		7 429	-	-	-
Fair value adjustments	27	304 606	837 877	-	-
<b>Profit/(loss) before taxation</b>		<b>653 619</b>	1 228 615	<b>(627)</b>	(5)
Taxation	28	(162 716)	(293 439)	-	(235)
<b>Profit/(loss) for the year</b>		<b>490 903</b>	935 176	<b>(627)</b>	(240)
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
(Losses)/gains on property revaluation		(1 839)	30 347	-	-
Income tax relating to items that will not be reclassified		412	(6 798)	-	-
<b>Total items that will not be reclassified to profit or loss</b>		<b>(1 427)</b>	23 549	-	-
Other comprehensive income for the year net of taxation		(1 427)	23 549	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>489 476</b>	958 725	<b>(627)</b>	(240)
<b>Profit/(loss) attributable to:</b>					
Owners of the parent		485 423	920 734	(627)	(240)
Non-controlling interest		5 480	14 442	-	-
		490 903	935 176	(627)	(240)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		483 996	944 283	(627)	(240)
Non-controlling interest		5 480	14 442	-	-
		489 476	958 725	(627)	(240)
<b>Earnings per share</b>					
Basic and diluted earnings per share (cents)	29	123.40	233.93	-	-

# Statements of changes in equity

for the year ended 29 February 2020

	Share capital	Treasury shares	Total share capital	Foreign currency translation reserve	Revaluation reserve	Total reserves	Retained income	Total attributable to equity holders of the Group/ Company	Non-controlling interest	Total equity
<b>GROUP</b>										
<b>Balance at 1 March 2018</b>	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)
Foreign currency translation	–	–	–	(982)	–	(982)	–	(982)	–	(982)
Dividends paid	–	–	–	–	–	–	(98 401)	(98 401)	–	(98 401)
<b>Balance at 28 February 2019</b>	3 979 956	(11 878)	3 968 078	(982)	23 549	22 567	2 828 881	6 819 526	55 565	6 875 091
Total comprehensive income for the year	–	–	–	–	(1 427)	(1 427)	485 423	483 996	5480	489 476
Treasury shares	–	(463)	(463)	–	–	–	–	(463)	–	(463)
Foreign currency translation	–	–	–	17 653	–	17 653	–	17 653	–	17 653
<b>Balance at 29 February 2020</b>	3 979 956	(12 341)	3 967 615	16 671	22 122	38 793	3 314 304	7 320 712	61 045	7 381 757
<b>COMPANY</b>										
<b>Balance at 1 March 2018</b>	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)
<b>Balance at 28 February 2019</b>	3 979 956	–	3 979 956	–	–	–	(146 388)	3 833 568	–	3 833 568
Loss for the year	–	–	–	–	–	–	(627)	(627)	–	(627)
<b>Balance at 29 February 2020</b>	3 979 956	–	3 979 956	–	–	–	(147 015)	3 832 941	–	3 832 941
Note(s)	16	16	16							

# Statements of cash flows

for the year ended 29 February 2020

	Note(s)	GROUP		COMPANY	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Cash flows from operating activities</b>					
Cash generated by/(used in) operations	30	533 304	511 922	(4 774)	(193)
Investment income received		12 974	13 917	46 787	49 147
Dividend received		1 199	–	–	–
Finance costs paid		(58 990)	(61 283)	(46 448)	(49 219)
Taxation paid	40	(106 034)	(104 438)	–	(1 405)
<b>Net cash from/(used in) operating activities</b>		<b>382 453</b>	<b>360 118</b>	<b>(4 435)</b>	<b>(1 670)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(13 502)	(36 845)	–	–
Development costs relating to investment property	3	(248 986)	(353 161)	–	–
Proceeds from insurance guarantee	3, 4	55 857	–	–	–
Decrease of financial assets		–	1 415	–	–
Proceeds on sale of non-current assets held-for-sale		–	3 264	–	–
<b>Net cash used in investing activities</b>		<b>(206 631)</b>	<b>(385 327)</b>	<b>–</b>	<b>–</b>
<b>Cash flows from financing activities</b>					
Purchase of treasury shares	16	(180)	(1 547)	–	–
Repayment of other financial liabilities		(585 042)	(13 688)	(560 166)	–
Proceeds from other financial liabilities		564 245	–	–	83
Proceeds of loans from shareholders		–	3 151	–	–
Repayment of right-of-use liability		–	(286)	–	–
Finance cost – right-of-use liability		(4 778)	(372)	–	–
Dividends paid	41	(93)	(98 335)	(93)	(98 674)
Proceeds/(repayments) of loan to Group companies		1 699	(800)	585 280	100 215
<b>Net cash (used in)/from financing activities</b>		<b>(24 149)</b>	<b>(111 877)</b>	<b>25 021</b>	<b>1 624</b>
<b>Total cash movement for the year</b>					
Cash at the beginning of the year		74 612	212 680	109	155
Effect of exchange rate movement on cash balances		(3 205)	(982)	–	–
<b>Total cash at the end of the year</b>	15	<b>223 080</b>	<b>74 612</b>	<b>20 695</b>	<b>109</b>

# Accounting policies

## for the year ended 29 February 2020

### 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 29 February 2020 were authorised for issue in accordance with a resolution of the directors on Thursday, 28 May 2020.

### 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 29 February 2020, have been prepared by Malander Proprietary Limited 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 ("IFRS") 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 1.5.

These accounting policies are consistent with the previous period.

#### 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 29 February 2020.

##### 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 use of 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.

Inter-group 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 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 independent external valuers 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 1.6 and note 3 on investment property for a summary of valuation techniques applied.

# Accounting policies (continued)

for the year ended 29 February 2020

## 1. Significant accounting policies (continued)

### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Key sources of estimation uncertainty and judgement (continued)

##### *Right-of-use asset (judgement)*

The land lease relating to the development in Cyprus is for 33 years with the option to renew in 33-year increments twice. Information has been prepared on the basis of 33 years only with no options to renew exercised.

##### *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 intangible development project asset (judgement and estimation)*

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

Intangible assets 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 intangible asset, the intangible asset 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 intangible asset reduces the fair valuation adjustment of such a development and reduces the fair valuation adjustment accounted for in profit or loss. If the fair valuation of the development is lower than the carrying amount of the intangible asset, the intangible asset is impaired to the fair valuation estimate of the development and it is accounted for in profit or loss.

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

##### *Subsequent event (Covid-19) (judgement)*

In line with IAS 10: *Events after the Reporting Period*, non-adjusting events are those that are indicative of conditions that arose after the reporting period. Judgement was applied in assessing whether the Covid-19 pandemic arose for the Group after the reporting period.

The directors considered the following in their assessment:

- No confirmed Covid-19 cases were reported in South Africa as at 29 February 2020.
- A significant fall in the local and global equity markets was observed on 12 March 2020.
- A national state of disaster was declared by the President of the Republic of South Africa on 15 March 2020 leading to a country-wide lockdown commencing 26 March 2020.

Given the above considerations, the Covid-19 pandemic was treated as a non-adjusting event after the reporting date.

### 1.6 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 IFRS 16: *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 reassessing 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.

## 1.7 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 "Investment property equipment, fixtures and fittings") as well as 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 profit or loss over the initial lease period. The cost of investment property equipment, fixtures and fittings is capitalised and expensed through the statement of profit or loss over a period of five to six years.

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 remeasured to fair value and reclassified as investment property. Any gain or loss arising on this remeasurement 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 each reporting date.

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 are 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 are 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 be reasonably 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.

# Accounting policies (continued)

for the year ended 29 February 2020

## 1. Significant accounting policies (continued)

### 1.7 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 amount 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 relate 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.

### 1.8 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 to 10 years (refer note 1.7)
Plant and equipment	Straight-line	5 to 6 years
Furniture and fixtures (including office equipment)	Straight-line	5 to 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 to 20 years
Investment property equipment, fixtures and fittings	Straight-line	5 to 6 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.

# Accounting policies (continued)

for the year ended 29 February 2020

## 1. Significant accounting policies (continued)

### 1.9 Financial instruments

#### Recognition and offsetting

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 remeasurement recognised in profit or loss.

The business model of Acision 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.

## 1.10 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 preferred tax assets are reassessed 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 charged, 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.

# Accounting policies (continued)

for the year ended 29 February 2020

## 1. Significant accounting policies (continued)

### 1.11 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 right-of-use 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 right-of-use 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 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 1.6 and 1.7. 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 right-of-use 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 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 consolidated income statement when incurred. Low-value assets are determined based on qualitative and quantitative criteria.

#### Transitional application

The Group had 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 had 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.

### 1.12 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 cannot 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.

### 1.13 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 counsel preparing for litigation. The provision is utilised as and when the costs are incurred by counsel.

#### 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 are 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 are 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 making 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 32.

### 1.14 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 fees as well as certain cost recoveries. Other income is recognised in profit or loss. Other income is recognised in terms of the lease agreements which state that administration fees can be charged to the tenant immediately when payment of rental is overdue and early lease cancellation 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.

# Accounting policies (continued)

for the year ended 29 February 2020

## 1. Significant accounting policies (continued)

### 1.14 Revenue from contracts with customers (continued)

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

### 1.15 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.

### 1.16 Treasury shares

Treasury shares are held as other financial assets and are 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.

### 1.17 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 take place.

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.

## 1.18 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 29 February 2020

## 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	Impact
• IFRIC 23: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019	No material impact

### 2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations:

Standard/interpretation	Effective date: years beginning on or after	Impact
• Amendments to references to the conceptual framework in IFRS standards	1 January 2020	Unlikely there will be a material impact
• Amendments to IAS 1 and IAS 8: <i>Definition of Material</i>	1 January 2020	Unlikely there will be a material impact
• Amendments to IFRS 9, IAS 39 and IFRS 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020	Unlikely there will be a material impact
• IFRS 17: <i>Insurance Contracts</i>	1 January 2020	Unlikely there will be a material impact

	Carrying value 2020 R'000	Carrying value 2019 R'000
<b>3. Investment property GROUP</b>		
Investment property at fair value	<b>7 854 029</b>	7 409 903

### Reconciliation of investment property – Group – 2020

	Opening balance	Additions	Proceeds from insurance guarantee	Transfer of investment property from insurance claim receivable	Transfer of fair value adjustment to property, plant and equipment (note 4)	Transfer to property, plant and equipment (note 4)	Investment property expensed	Foreign currency translation	Fair value adjustment (note 27)	Total
Investment property	7 409 903	248 986	(33 425)	45 951	(1 839)	(139 011)	(19 828)	38 686	304 606	7 854 029

### Reconciliation of investment property – Group – 2019

	Opening balance	Additions	Right-of-use asset (note 19)	Transfers from pre-payment (note 8)	Classification from non-current assets held-for-sale	Transfer of investment property to property, plant and equipment (note 4)	Transfer of investment property to insurance claim receivable	Fair value adjustment (note 27)	Total
Investment property	6 468 041	353 161	209 874	93 133	55 900	(555 321)	(45 951)	831 066	7 409 903

No investment properties were acquired in the current year.

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 29 February 2020 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@Mfula (Zarafusion Proprietary Limited)
- Mall@Lebo (Nungu Trading 517 Proprietary Limited)
- Moreleta Square (Rubensmen Proprietary Limited)
- Simarlo Rainbow (DAJM Property Investment Proprietary Limited)
- Trade@55 (Nabuvax Proprietary Limited)
- Mall@Larnaca (ZudolexCyprus Limited)

### Directors' valuation

- Mall@Emba (Double Ring Trading 62 Proprietary Limited)
- Mall@Moutsiya (Daybreak Properties 3 Proprietary Limited)
- Mall@Reds (Proc Corp 160 Proprietary Limited)

The effective date of the revaluation for the year ended was 29 February 2020 (2019: 28 February 2019).

### 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. She holds BProc and LLB qualifications and has completed a National Diploma in real estate.

### 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 three-month vacancy before estimating cash flows for a vacant unit, based on rental mandates for each property. All investments properties for the Group are 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 29 February 2020 (2019: 28 February 2019) 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, being her preferred method of valuation. This is in line with the prior year except for valuations for Moreleta Square and Simarlo Rainbow, which were valued this year using the income capitalisation method and the discounted cash flow method in the prior year.

During the year the final building accounts relating to four of our developments were received and analysed in order to allocate the cost incurred from a development account to the relevant investment property and investment plant and equipment accounts. This resulted mostly in the allocation of costs to property installations as well as investment property equipment, fixtures and fittings (note 4). These items still form part of the property valuations as disclosed in note 6. Upon analysis of the building accounts we identified items to be expensed due to the nature of the items. These building accounts related to Mall@Moutsiya, Mall@Mfula, Mall@55 as well as to later development phases added to Mall@Carnival.

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

## 3. Investment property (continued)

### Developments under construction

The effective date of the valuation of developments under construction was 29 February 2020 (2019: 28 February 2019). The value of developments under construction was determined by reference to the bulk rate per square metre, 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. In the current year, Mall@Larnaca has been valued by Mrs A de Wet using the income capitalisation method, being her preferred method of valuation.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Details of property</b>				
<b>Simarlo Rainbow</b>				
– Acquisition cost of investment property	32 112	32 112	–	–
– Cost of additions	689	–	–	–
– Accumulated fair value adjustments since acquisition	16 120	13 769	–	–
	<b>48 921</b>	45 881	–	–

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.

An income capitalisation valuation method was used by Mrs A de Wet in the current year. Refer to note 18 regarding a funding facility over this property.

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

	2020 Independent valuation %	2019 Directors' valuation %
Exit capitalisation rate	9.50	11.00
Discount rate	14.50	17.00
Actual vacancy	21.48	5.88
Revenue escalation rate	8.00	7.00
Expense escalation rate	8.00	7.38

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Moreleta Square</b>				
– Acquisition cost of investment property	132 774	132 774	–	–
– Capital additions	–	541	–	–
– Accumulated fair value adjustments since acquisition	1 330	12 039	–	–
	<b>134 104</b>	145 354	–	–

A shopping mall situated on Erf 6301 and 6302 of Farm Garsfontein 374, Moreleta Park, Extension 32, Pretoria. An income capitalisation valuation method was used by Mrs A de Wet in the current year. Refer to note 18 regarding a funding facility over this property.

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

	2020 Independent valuation %	2019 Directors' valuation %
Exit capitalisation rate	9.00	9.25
Discount rate	14.00	14.38
Actual vacancy	9.33	6.83
Revenue escalation rate	8.00	7.00
Expense escalation rate	8.00	7.00

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Mall@Reds</b>				
– Acquisition cost of investment property	751 154	751 154	–	–
– Capital cost since acquisition	38 493	38 844	–	–
– Accumulated fair value adjustments since acquisition	587 752	455 691	–	–
	<b>1 377 399</b>	1 245 689	–	–

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 prior year.

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

	2020 Independent valuation %	2019 Directors' valuation %
Exit capitalisation rate	8.00	7.50
Discount rate	13.00	12.50
Actual vacancy	5.40	3.26
Revenue escalation rate	5.00	8.00
Expense escalation rate	8.00	8.00

Refer to note 18 regarding funding over this property.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Mall@Carnival</b>				
– Acquisition cost of investment property	1 637 175	1 637 175	–	–
– Capital cost since acquisition	147 623	196 117	–	–
– Accumulated fair value adjustments since acquisition	921 321	879 069	–	–
	<b>2 706 119</b>	2 712 361	–	–

## Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

### 3. Investment property (continued)

#### Developments under construction (continued)

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:

	2020 Independent valuation	2019 Independent valuation
Exit capitalisation rate	8.50%	8.00%
Discount rate	13.50%	13.50%
Actual vacancy percentage	3.72%	3.05%
Revenue escalation rate	7.55%	7.84%
Expense escalation rate	8.46%	7.63%
Bulk rate per sqm (35 000 m <sup>2</sup> )	R1 000	R1 000

Mall@Carnival has been pledged as security for the Nedbank mortgage bond of R1 billion (refer to note 18).

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Mall@Emba</b>				
– Acquisition cost of investment property	408 327	408 327	–	–
– Capital cost since acquisition	19 809	8 223	–	–
– Insurance claim (note 14)	–	(45 951)	–	–
– Accumulated fair value adjustments since acquisition	176 228	145 406	–	–
	<b>604 364</b>	<b>516 005</b>	<b>–</b>	<b>–</b>

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:

	2020 Directors' valuation %	2019 Independent valuation %
Exit capitalisation rate	9.00	9.50
Discount rate	14.00	14.75
Actual vacancy percentage	5.36	3.20
Revenue escalation rate	5.00	8.07
Expense escalation rate	8.00	7.56

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Mall@Lebo</b>				
– Acquisition cost of investment property	249 575	249 575	–	–
– Capital cost since acquisition	14 622	14 622	–	–
– Accumulated fair value adjustments since acquisition	230 108	229 569	–	–
	<b>494 305</b>	<b>493 766</b>	<b>–</b>	<b>–</b>

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

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

	<b>2020 Independent valuation %</b>	2019 Directors' valuation %
Exit capitalisation rate	<b>9.50</b>	11.00
Discount rate	<b>14.50</b>	17.00
Actual vacancy	<b>1.95</b>	2.44
Revenue escalation rate	<b>7.16</b>	7.00
Expense escalation rate	<b>7.76</b>	7.38

Refer to note 18 regarding funding over this property.

	GROUP		COMPANY	
	<b>2020 R'000</b>	2019 R'000	<b>2020 R'000</b>	2019 R'000
<b>Mall@Moutsiya</b>				
– Acquisition cost of investment property	<b>30 471</b>	30 471	–	–
– Capital cost since acquisition	<b>74 188</b>	100 610	–	–
– Accumulated fair value adjustments since acquisition	<b>117 013</b>	89 879	–	–
	<b>221 672</b>	220 960	–	–

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:

	<b>2020 Directors' valuation</b>	2019 Independent valuation
Exit capitalisation rate	<b>9.00%</b>	10.00%
Discount rate	<b>14.00%</b>	15.00%
Actual vacancy	<b>5.22%</b>	6.83%
Revenue escalation rate	<b>5.00%</b>	7.85%
Expense escalation rate	<b>8.00%</b>	7.71%
Bulk rate per sqm (85 000 m <sup>2</sup> )	–	R100

	GROUP		COMPANY	
	<b>2020 R'000</b>	2019 R'000	<b>2020 R'000</b>	2019 R'000
<b>Mall@55 and Trade55</b>				
– Acquisition cost of investment property	<b>179 554</b>	179 554	–	–
– Capital cost since acquisition	<b>111 823</b>	160 535	–	–
– Accumulated fair value adjustments since acquisition	<b>17 850</b>	(9 851)	–	–
	<b>309 227</b>	330 238	–	–

## Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

### 3. Investment property (continued)

#### Developments under construction (continued)

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

An income capitalisation valuation method was used by Mrs A de Wet in both years.

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

	2020 Independent valuation	2019 Independent valuation
Exit capitalisation rate (Mall@55)	8.00%	9.75%
Discount rate (Mall@55)	13.00%	15.00%
Actual vacancy (Mall@55)	4.00%	7.32%
Revenue escalation rate (Mall@55)	8.00%	7.81%
Expense escalation rate (Mall@55)	8.00%	7.85%
Bulk rate per sqm (Mall@55) (30 000 m <sup>2</sup> )	R1 338	R1 375
Floor area ratio per sqm (Trade@55) (32 250 m <sup>2</sup> )	R1 359	R1 500

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Mall@Mfula</b>				
– Cost of investment property	860	860	–	–
– Capital cost of development	104 780	153 762	–	–
– Accumulated fair value adjustments	161 239	139 761	–	–
	<b>266 879</b>	294 383	–	–

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:

	2020 Independent valuation %	2019 Directors' valuation %
Exit capitalisation rate	10.25	9.68
Discount rate	14.75	14.57
Actual vacancy	6.83	8.19
Revenue escalation rate	7.14	6.25
Expense escalation rate	8.06	7.35

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Acsiopolis</b>				
– Cost of investment property	42 519	42 519	–	–
– Capital cost of development	635 924	617 885	–	–
– Accumulated fair value adjustments	888 589	891 348	–	–
– Transfer to property, plant and equipment	(585 668)	(585 668)	–	–
– Transfers from intangible asset	137 648	137 648	–	–
– Insurance guarantee	(33 425)	–	–	–
	<b>1 085 587</b>	1 103 732	–	–

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, being her preferred valuation technique.

During the year we received the insurance guarantee provided by the previous contractor. The contract with them was terminated and the money received will be used to correct any construction defects due to this contractor.

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

	2020 Independent valuation	2019 Independent valuation
Exit capitalisation rate (apartments)	9.50%	9.00%
Exit capitalisation rate (retail)	7.75%	7.50%
Discount rate (retail)	12.75%	12.50%
Revenue escalation rate (retail)	8.00%	8.00%
Average daily room rate (apartments)	R3 658	R3 276
Net profitability (apartments)	22.30%	22.30%
Average occupancy (apartments)	75.00%	75.00%

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Mall@Larnaca</b>				
– Land lease asset	226 927	209 874	–	–
– Capital cost of development	275 845	35 760	–	–
– Accumulated fair value adjustments	48 082	–	–	–
	<b>550 854</b>	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 19).

The lease consists of five pieces of land being piece 32, 283, 285, 1410, 1827 Ayios Nikolaos, Larnaca. The land consists of a total of 128 420 m<sup>2</sup>.

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

	2020 Independent valuation %
Exit capitalisation rate	9.00

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Hyde Park Terrace</b>				
– Reclassification of non-current assets held-for-sale at fair value	55 900	55 900	–	–
– Accumulated fair value adjustments since transfer	(1 302)	–	–	–
	<b>54 598</b>	55 900	–	–

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

## 3. Investment property (continued)

### Developments under construction (continued)

#### 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	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Properties excluding mixed-use developments</b>				
An increase of 50 basis points in the discount rate	(100 344)	(87 650)	–	–
A decrease of 50 basis points in the discount rate	102 698	89 695	–	–
An increase of 50 basis points in the capitalisation rate	(287 985)	(269 906)	–	–
A decrease of 50 basis points in the capitalisation rate	323 362	305 324	–	–
<b>Mixed-use developments</b>				
An increase of 100 basis points in the capitalisation rate	(164 916)	(162 868)	–	–
A decrease of 100 basis points in the capitalisation rate	205 378	205 097	–	–
An increase of 100 basis points in the room rate	14 452	29 628	–	–
A decrease of 100 basis points in the room rate	(14 452)	(29 628)	–	–
An increase of 100 basis points in the net profit percentage	14 452	60 466	–	–
A decrease of 100 basis points in the net profit percentage	(14 452)	(60 466)	–	–
An increase of 100 basis points in the occupancy rate	20 177	41 357	–	–
A decrease of 100 basis points in the occupancy rate	(20 177)	(41 357)	–	–

	2020			2019		
	Cost or revaluation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost or revaluation R'000	Accumulated depreciation R'000	Carrying value R'000
<b>4. Property, plant and equipment</b>						
Hotel	592 265	–	592 265	603 034	–	603 034
Leased property installations	196 199	(107 362)	88 837	125 606	(73 058)	52 548
Plant and equipment	71 913	(62 532)	9 381	71 555	(57 143)	14 412
Furniture and fixtures	7 672	(6 779)	893	7 659	(6 159)	1 500
Motor vehicles	45	(15)	30	45	(6)	39
Computer software	594	(594)	–	593	(593)	–
Marketing equipment	976	(976)	–	947	(947)	–
Investment property, equipment and fixtures	67 331	(11 063)	56 268	–	–	–
<b>Total</b>	<b>936 995</b>	<b>(189 321)</b>	<b>747 674</b>	<b>809 439</b>	<b>(137 906)</b>	<b>671 533</b>

## Reconciliation of property, plant and equipment – Group – 2020

	Opening balance R'000	Additions R'000	Proceeds from insurance guarantee R'000	Investment property (note 3) R'000	Revaluation loss R'000	Depreciation R'000	Total R'000
Hotel	603 034	13 502	(22 432)	–	(1 839)	–	592 265
Leased property installations	52 548	1 047	–	71 680	–	(36 438)	88 837
Investment property, equipment and fixtures	–	–	–	67 331	–	(11 063)	56 268
Plant and equipment	14 412	769	–	–	–	(5 800)	9 381
Furniture and fixtures	1 500	16	–	–	–	(623)	893
Motor vehicles	39	–	–	–	–	(9)	30
	671 533	15 334	(22 432)	139 011	(1 839)	(53 933)	747 674

## Reconciliation of property, plant and equipment – Group – 2019

	Opening balance R'000	Additions R'000	Classification from investment property to Property, plant and equipment (note 3) R'000	Revaluation surplus R'000	Depreciation R'000	Total balance R'000
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

### 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 value of the hotel if carried under the cost model would be R563 million.

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 29 February 2020. 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 29 February 2020.

### 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.

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

## 4. Property, plant and equipment (continued)

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

	2020 Independent valuation	2019 Independent valuation
Capitalisation rate	10.00%	9.00%
Average daily room rate	R1 938	R1 752
Net profit percentage	22.30%	22.30%
Average occupancy	75.00%	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	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
An increase of 100 basis points in the capitalisation rate	(92 290)	(102 806)	-	-
A decrease of 100 basis points in the capitalisation rate	112 799	128 506	-	-
An increase of 100 basis points in the room rate	9 354	20 367	-	-
A decrease of 100 basis points in the room rate	(9 354)	(20 367)	-	-
An increase of 100 basis points in the net profit percentage	10 152	45 489	-	-
A decrease of 100 basis points in the net profit percentage	(10 152)	(45 489)	-	-
An increase of 100 basis points in the occupancy rate	12 597	27 450	-	-
A decrease of 100 basis points in the occupancy rate	(12 597)	(27 450)	-	-

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

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>5. Operating lease asset</b>				
Non-current assets	132 470	143 641	-	-
Current assets	23 279	13 144	-	-
	<b>155 749</b>	<b>156 785</b>	<b>-</b>	<b>-</b>

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

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>6. Reconciliation of significant components of investment property to valuation performed</b>				
Note 3 – Investment property at fair value	7 854 029	7 409 903	-	-
Note 4 – Leased property installations	88 837	52 548	-	-
Note 4 – Owner-occupied asset	592 265	603 034	-	-
Note 4 – Investment property equipment, fixtures and fittings	56 267	-	-	-
Note 5 – Operating lease asset	155 749	156 785	-	-
Note 14 – Insurance claim	-	45 951	-	-
<b>Valuation amount as per directors' and independent valuations</b>	<b>8 747 147</b>	<b>8 268 221</b>	<b>-</b>	<b>-</b>

	Carrying value 2020 R'000	Carrying value 2019 R'000
<b>7. Goodwill – Group</b>		
Carrying value of goodwill	<b>625 464</b>	625 464

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. Due to the Group's successful history of delivering Net Asset Value ("NAV") growth, superior to the returns of traditional REITs, for its shareholders, Acsion'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, include the following:

	2020 %	2019 %
<b>South African developments:</b>		
Discount rate	<b>12.8 – 14.8</b>	11.0 – 15.0
Revenue escalations	<b>5.0 – 8.0</b>	5.5 – 7.0
Probability	<b>10.0 – 60.0</b>	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 Acsion Limited Group was considered to be the smallest cash-generating unit.
- 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, include the following:

	2020 %	2019 %
<b>Anaprop Property Management:</b>		
Fee income (percentage of property value)	<b>7.5</b>	7.5
Revenue escalation	<b>6.5</b>	7.0
Expenditure escalation	<b>6.5</b>	7.0
Discount rate	<b>8.62</b>	11.54
Long-term growth rate	<b>4.2</b>	4.6

The impairment test of goodwill confirmed that no impairment was required as at the end of February 2020.

## Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

	COMPANY	
	2020 R'000	2019 R'000
<b>8. Intangible development project asset</b>		
Opening balance	233 296	326 429
Transferred to investment property	-	(93 133)
<b>Closing balance</b>	<b>233 296</b>	233 296

During the formation of the Acsion 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. These projects are amortised into investment property based on the stage of completion.

For the current year, Rnil million (2019: R93.1 million) was amortised 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 an intangible asset and will be systematically transferred to investment property as soon as the development commences.

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

The intangible asset relating to Acsiopolis did not display indications that it should be impaired for the year ended 29 February 2020.

The intangible asset 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, include the following:

	2020	2019
Average exchange rate to the Dollar	<b>R15.66</b>	R13.85
Expected discount rate	<b>10.68%</b>	8.15%
Total cost-to-income ratio	<b>18.00%</b>	18.00%
Expected through rate per sqm	<b>\$19.93</b>	\$15.15
Expected increase in revenue (\$ based)	<b>4.68%</b>	4.68%
Expected increase in expenses (\$ based)	<b>3.50%</b>	3.50%
Expected growth rate (\$ based)	<b>0.01%</b>	0.01%

The impairment test of Mall@Maputo confirmed that no impairment was required as at the end of February 2020. A Memorandum of Understanding was originally signed with the Mozambican Ministry of Sport to develop a 50 000 m<sup>2</sup> 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.
- Fortvox 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.
- Operational cost was determined with reference to the Group's existing developments and it was adjusted for risk.

Previously this note was disclosed as a prepayment but is now disclosed as an intangible asset for ease of understanding the nature of this item.

## 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	
		2020 %	2019 %	2020 R'000	2019 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 516 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	–	–
Bengavox Proprietary Limited	Acsion Limited	100.00	100.00	–	–
Zudolex Proprietary Limited	Acsion Limited	100.00	100.00	–	–
Zudonetix Proprietary Limited	Acsion Limited	100.00	100.00	–	–
Omelia Limited (Cyprus entity)	Zudolex Proprietary Limited	100.00	100.00	–	–
Zudolex Cyprus Limited (Cyprus entity)	Omelia Limited	95.50	95.50	–	–
				<b>3 910 682</b>	<b>3 910 682</b>

Refer to note 39 for detail on the non-controlling interest and financial information on Zarafusion Proprietary Limited.

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

Name of associate	Held by	Ownership interest		Carrying amount	
		2020 %	2019 %	2020 R'000	2019 R'000
<b>10. Investments in associates</b>					
Silver Crest Trading 134 Proprietary Limited	Southern Palace Investments 108 Proprietary Limited	25.00	25.00	–	1 541
<b>Aggregate information of associate</b>					
Carrying value of investments as at year-end				–	1 541
Share of profit or loss from continuing operations				–	70
Share of other comprehensive income				–	–
Share of total comprehensive income				–	70

Management does not assess this associate to be material to the Group. The investment in associate has been impaired in the current year.

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

## Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>11. Other financial assets</b>				
<b>Loans and receivables</b>				
Guarantees issued	5 432	5 432	–	–
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.				
<b>Non-current assets</b>				
Loans and receivables	5 432	5 432	–	–

### Fair value information

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

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>12. Loans to/(from) Group companies</b>				
<b>Subsidiaries</b>				
Southern Palace Investments 108 Proprietary Limited	–	–	(426 899)	173 308
Golden Falls 125 Proprietary Limited	–	–	8 425	8 425
Nungu Trading 517 Proprietary Limited	–	–	102 784	102 784
Daybreak Properties 3 Proprietary Limited	–	–	11 438	11 438
Zudorex Proprietary Limited	–	–	3 258	3 249
Lomastep Proprietary Limited	–	–	199 327	184 409
	–	–	(101 667)	483 613
<b>Associate</b>				
Silvercrest Trading 134 Proprietary Limited	–	1 699	–	–
The loan to Lomastep Proprietary Limited bears interest at prime less 133 basis points and is repayable on demand.				
The remaining loans to and from 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.				
Current assets	–	1 699	325 232	483 613
Current liabilities	–	–	(426 899)	–
	–	1 699	(101 667)	483 613

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>13. Loans to/(from) shareholders</b>				
Loans to shareholders	4 053	4 053	-	-
Loans from shareholders	(3 280)	(3 151)	-	-
	<b>773</b>	<b>902</b>	<b>-</b>	<b>-</b>
<p>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.</p> <p>The loan from shareholders relates to loans from minority shareholders in Zudorex Cyprus Limited.</p>				
Current assets	4 053	4 053	-	-
Current liabilities	(3 280)	(3 151)	-	-
	<b>773</b>	<b>902</b>	<b>-</b>	<b>-</b>

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>14. Trade and other receivables</b>				
Trade receivables (net of expected credit losses)	14 529	11 241	-	-
Prepayments	7 504	4 840	-	-
VAT	1 087	751	-	-
Other receivables*	3 099	55 178	4 560	4 582
	<b>26 219</b>	<b>72 010</b>	<b>4 560</b>	<b>4 582</b>
<b>Trade receivables consists of:</b>				
Trade receivables	17 275	12 481	-	-
Provision for expected credit losses	(2 746)	(1 240)	-	4 582
	<b>14 529</b>	<b>11 241</b>	<b>-</b>	<b>4 582</b>

\* In the prior year, a fire occurred at the Mall@Emba (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 are disclosed at amortised cost 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 2019 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 29 February 2020, R14.5 million (2019: R11.2 million) was past due but not impaired.

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

## 14. Trade and other receivables (continued)

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

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Current	7 558	8 113	-	-
1 month past due	3 295	1 140	-	-
2 months past due	1 452	459	-	-
3 months past due	2 224	1 529	-	-
	<b>14 529</b>	11 241	-	-

### Trade and other receivables impaired

As of 29 February 2020, trade and other receivables of R2.75 million (2019: R1.24 million) were impaired and provided for.

The ageing of this impairment is as follows:

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Less than 3 months	464	278	-	-
Over 3 months	2 282	963	-	-
	<b>2 746</b>	1 241	-	-
<b>Reconciliation of provision for expected credit losses</b>				
Opening balance	1 241	1 111	-	-
Provision for impairment	1 693	946	-	-
Amounts written off as uncollectable	(188)	(590)	-	-
Unused amounts reversed	-	(225)	-	-
	<b>2 746</b>	1 241	-	-

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

## 15. Cash and cash equivalents

Cash and cash equivalents consist of:

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Cash on hand	34	58	-	-
Bank balances	223 046	74 554	20 695	109
	<b>223 080</b>	74 612	<b>20 695</b>	109

## 16. Share capital

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Authorised</b>				
Ordinary shares of no par value	10 000 000	10 000 000	10 000 000	10 000 000
<b>Issued</b>				
Ordinary no par value shares	3 979 956	3 979 956	3 979 956	3 979 956
Shares purchased by subsidiaries (treasury shares)	(12 341)	(11 878)	-	-
	3 967 615	3 968 078	3 979 956	3 979 956
<b>Reconciliation of number of shares issued ('000)</b>				
Balance at the beginning of the year	393 383	393 622	394 960	394 960
Shares purchase by subsidiaries	(25)	(239)	-	-
	393 358	393 383	394 960	394 960
<b>Reconciliation of Rand value of shares issued (R'000)</b>				
Balance at the beginning of the year	3 968 078	3 969 625	3 979 956	3 979 956
Shares purchased by subsidiaries and cost adjustment	(463)	(1 547)	-	-
	3 967 615	3 968 078	3 979 956	3 979 956
<b>17. Deferred tax</b>				
<b>Deferred tax liability</b>				
Revaluation of investment properties	(1 322 519)	(1 250 022)	-	-
Revaluation of property, plant and equipment	-	(6 798)	-	-
Accelerated capital allowances	(119 085)	(107 993)	-	-
Straight-line lease rentals	(43 610)	(43 949)	-	-
Section 24J	-	3 748	-	-
<b>Total deferred tax liability</b>	<b>(1 485 214)</b>	<b>(1 405 014)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax asset</b>				
Income received in advance, available-for-sale and straight-line assets	4 200	3 243	-	-
Section 24J	4 959	-	-	-
Trade receivables	521	(344)	-	-
Trade payables	312	267	-	-
Deferred tax balance from temporary differences other than unused tax losses	9 992	3 166	-	-
Tax losses available for set off against future taxable income	36 630	21 186	-	-
<b>Total deferred tax asset</b>	<b>46 622</b>	<b>24 352</b>	<b>-</b>	<b>-</b>

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 R130.8 million (2019: R75.7 million).

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Deferred tax liability	(1 485 214)	(1 405 014)	-	-
Deferred tax asset	46 622	24 352	-	-
<b>Total net deferred tax liability</b>	<b>(1 438 592)</b>	<b>(1 380 662)</b>	<b>-</b>	<b>-</b>

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>17. Deferred tax (continued)</b>				
<b>Reconciliation of net deferred tax liability</b>				
At the beginning of the year	(1 380 663)	(1 171 349)	-	235
Originating temporary differences relating to current assets	615	(615)	-	-
(Originating)/reversing temporary differences on tangible assets	(11 372)	3 260	-	-
Originating temporary differences relating to the fair value of investment property	(65 697)	(205 694)	-	-
Originating temporary differences relating to the fair value adjustment of property, plant and equipment	-	(6 798)	-	-
Originating temporary differences relating to straight-line rentals	289	(4 329)	-	-
Expenses paid in advance	-	15	-	-
Originating temporary differences relating to trade payables	199	220	-	-
Reversing and originating temporary differences from assessed loss created/(utilised) in the current year	15 444	674	-	(235)
Section 24J	1 211	3 748	-	-
Reversing temporary differences relating to income received in advance and available-for-sale assets	1 238	583	-	-
Reversing/(originating) temporary differences relating to trade receivables	144	(378)	-	-
	<b>(1 438 592)</b>	<b>(1 380 663)</b>	<b>-</b>	<b>-</b>
<b>18. Other financial liabilities</b>				
<b>Held at amortised cost</b>				
<b>Nungu Trading 517 Proprietary Limited (Mall@Lebo)</b>	<b>66 701</b>	83 127	-	-
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).				
<b>K Anastasi Projects Proprietary Limited</b>	<b>1 306</b>	9 757	-	-
The loan bears interest at prime minus 222 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.				
<b>Acsion Limited</b>	<b>407</b>	560 573	<b>407</b>	560 573
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 R1 billion (2019: R439 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.				
<b>Proc Corp 160 Proprietary Limited</b>	<b>564 246</b>	-	-	-
A new funding facility was secured with Standard Bank Limited for R700 million. The loan is priced at prime less 180 basis points. The full loan amount is repayable by way of a balloon payment by 6 February 2021. Interest is paid monthly. Undrawn facility at year-end of R136 million. The facility is secured over Mall@Reds (refer note 3), being the property owned by this entity.				
	<b>632 660</b>	653 457	<b>407</b>	560 573

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Non-current liabilities</b>				
At amortised cost	48 928	630 004	–	560 573
<b>Current liabilities</b>				
At amortised cost	583 732	23 453	407	–
	632 660	653 457	407	560 573

	GROUP	
	2020 R'000	2019 R'000
<b>19. Right-of-use lease liability</b>		
<b>Lease liabilities maturity analysis – contractual undiscounted cash flows</b>		
– Less than 1 year	7 301	4 052
– 2 to 5 years	35 813	31 470
More than 5 years	280 889	268 185
<b>Total undiscounted cash flows</b>	<b>324 003</b>	<b>303 707</b>
<b>Reconciliation of liability:</b>		
Opening balance	209 588	–
Recognition of lease liability	–	209 588
Foreign currency translation	17 699	–
	227 287	209 588
Non-current liabilities	219 986	209 588
Current liabilities	7 301	–
	227 287	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 while in the construction phase is EUR255 000 and once completed EUR510 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 Rnil million for the year ended 29 February 2020 (2019: R209.9 million). 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 R17.18 at reporting date. Due to the lease being in Euros, the Company and Group are 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 2020 financial year was R4 143 840 (EUR255 000). The finance costs relating to the lease obligation are disclosed in note 26.

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

## 19. Right-of-use lease liability (continued)

### 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
<b>Lease liabilities maturity analysis -contractual undiscounted cash flows</b>		
- Less than 1 year	7 301	7 301
- 2 to 5 years	35 812	35 812
- More than 5 years	746 810	1 393 831
<b>Total</b>	<b>789 923</b>	<b>1 436 944</b>

## 20. Provisions

### Reconciliation of provisions – Group – 2020

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Provision for marketing	3 767	3 852	(3 090)	4 529

### Reconciliation of provisions – Group – 2019

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
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

	Opening balance R'000	Utilised during the year R'000	Total R'000
<b>Reconciliation of provisions – Company – 2019</b>			
Provision for audit fee	717	(717)	–

Refer to accounting policy note 1.13 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	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>21. Trade and other payables</b>				
Trade payables	89 081	27 040	236	246
Amounts received in advance	15 879	10 580	–	–
VAT	6 848	4 644	24	364
Unallocated receipts	21	4 576	–	–
Accrued leave pay	1 803	1 467	660	453
Accrued expenses	31 889	52 599	190	3 877
Tenant deposits received	40 453	27 350	–	–
Lease fees	46	14	–	–
	<b>186 020</b>	<b>128 270</b>	<b>1 110</b>	<b>4 940</b>

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	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>22. Revenue</b>				
Collection commission	201	315	-	-
Rental income on investment property	530 954	492 527	-	-
Interest received (trading)	1 616	1 542	-	-
Utility cost recovery	155 236	143 506	-	-
Operating lease – straight-line rental	(1 034)	15 461	-	-
	<b>686 973</b>	<b>653 351</b>	<b>-</b>	<b>-</b>
<b>Utility cost recovery income included in revenue above consists of:</b>				
Electricity	111 974	105 193	-	-
Rates	29 912	26 639	-	-
Refuse	4 812	4 356	-	-
Sewerage	2 633	1 915	-	-
Water	5 676	5 172	-	-
Gas	231	232	-	-
	<b>155 238</b>	<b>143 507</b>	<b>-</b>	<b>-</b>
<b>23. Other operating income</b>				
Administration fees	270	295	8 639	8 817
Early lease cancellation fees	906	3 933	-	-
Legal fee recovery	35	858	-	-
Bad debts recovered	969	255	-	-
Other operational recoveries	7	2 596	-	-
Other income	194	1 408	-	-
Profit on sale of assets	(52)	-	-	-
	<b>2 329</b>	<b>9 345</b>	<b>8 639</b>	<b>8 817</b>
<b>24. Operating profit/(loss)</b>				
Operating profit/(loss) for the year is stated after inclusion of the following:				
<b>Auditor's remuneration – external</b>				
Audit fees	2 040	1 110	1 924	1 043
<b>Auditor's remuneration – internal</b>	<b>186</b>	<b>184</b>	<b>-</b>	<b>-</b>
<b>Employee costs</b>				
Salaries, directors fees, wages, bonuses and other benefits	30 036	28 776	5 613	5 839
Study fees	218	16	-	-
Staff welfare	3	-	-	-
	<b>30 257</b>	<b>28 792</b>	<b>5 613</b>	<b>5 839</b>
<b>Depreciation</b>				
Depreciation of plant and equipment	53 933	27 483	-	-

## Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>25. Investment income</b>				
<b>Dividend income</b>				
Subsidiaries – local	1 199	–	–	–
<b>Interest income</b>				
Bank and other cash	12 954	13 917	339	29
South African Revenue Services	18	–	–	–
<b>From loans to Group and other related parties:</b>				
Subsidiaries	–	–	46 448	49 118
	12 972	13 917	46 787	49 147
<b>Total investment income</b>	14 171	13 917	46 787	49 147
<b>26. Finance costs</b>				
Mortgage bonds	46 448	49 147	46 448	49 147
Trade and other payables	60	74	–	–
Finance bond	12 127	10 591	–	–
South African Revenue Services	13	228	–	72
Interest on lease obligations (right-of-use asset)	4 778	372	–	–
Related parties	339	1 242	–	–
	63 765	61 654	46 448	49 219
<b>27. Fair value adjustments</b>				
Investment property	304 606	831 066	–	–
Non-current assets held-for-sale	–	6 811	–	–
	304 606	837 877	–	–
<b>28. Taxation</b>				
<b>Major components of the tax expense</b>				
<b>Current</b>				
Local income tax – current period	104 656	92 457	–	–
Local income tax – recognised in current tax for prior periods	–	(1 527)	–	–
	104 656	90 930	–	–
<b>Deferred</b>				
Originating and reversing temporary differences	74 715	206 359	–	201
Section 24J	(1 211)	(3 748)	–	–
Assessed loss utilised	(15 444)	(673)	–	34
Arising from prior period adjustments	–	571	–	–
	58 060	202 509	–	235
	162 716	293 439	–	235

	GROUP		COMPANY	
	2020 %	2019 %	2020 %	2019 %
<b>Reconciliation of the tax expense</b>				
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	(2.16)	(3.76)	–	–
Impairment – associate	0.05	–	–	–
Capital gains tax realised	–	(0.01)	–	–
Section 24J	(0.19)	(0.31)	–	–
Non-taxable income	(0.05)	–	–	–
Assessed loss not recognised	(0.31)	–	–	(1 100.71)
Difference in CGT – overseas operations	(0.48)	–	–	–
Prior period under provision	–	(0.08)	–	–
Non-deductible expenses	0.03	0.04	–	(3 594.90)
	24.89	23.88	28.00	(4 667.61)

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>29. Earnings, headline earnings, net asset value and proposed dividend per share</b>				
<b>Basic earnings and diluted earnings per share</b>				
Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.				
<b>Basic earnings per share</b>				
From continuing operations (cents per share)	123.40	233.93	–	–
Basic earnings per share was based on earnings of R485.4 million (R920.7 million) and a weighted average number of ordinary shares of 393.3 million (2019: 393.6 million).				
<b>Reconciliation of profit or loss for the year to basic earnings</b>				
Profit or loss for the year attributable to equity holders of the parent	490 903	935 176	–	–
<b>Adjusted for:</b>				
Earnings attributable to non-controlling interest	(5 480)	(14 442)	–	–
<b>Profit for the purposes of basic and diluted earnings per share</b>	485 423	920 734	–	–
<b>Diluted earnings per share</b>				
From continuing operations (cents per share)	123.40	233.93	–	–

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

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

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

### 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 the period.

The calculation of headline earnings per share has been performed in accordance with circular 1/2019.

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

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Headline earnings per share (cents)	65.61	71.73	–	–
Diluted headline earnings per share (cents)	65.61	71.73	–	–
<b>Reconciliation between earnings/(loss) and headline earnings/(loss)</b>				
Basic earnings	485 423	920 734	–	–
<b>Adjusted for:</b>				
Fair value adjustments	(236 374)	(650 192)	–	–
Non-controlling interest relating to fair value adjustment	7 500	11 403	–	–
Loss on investment in associate	1 541	–	–	–
Loss on non-current assets held-for-sale	–	375	–	–
<b>Headline profit for the purposes of basic and diluted headline earnings per share</b>	<b>258 090</b>	<b>282 320</b>	<b>–</b>	<b>–</b>

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

No dividend has been proposed as at 29 February 2020 (2019: nil).

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Net asset value per share and net asset value per share excluding deferred taxation</b>				
Net asset value per share (cents) <sup>1</sup>	1 861.09	1 733.56	–	–
Net asset value per share excluding deferred taxation (cents) <sup>2</sup>	2 226.81	2 084.53	–	–

<sup>1</sup> 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.

<sup>2</sup> 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.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>30. Cash generated/(used in) operations</b>				
Profit/(loss) before taxation				
<b>Adjustments for:</b>	<b>653 619</b>	1 228 615	<b>(627)</b>	(5)
Depreciation	53 933	27 483	–	–
Income from equity-accounted investments	–	(70)	–	–
Dividends received	(1 199)	–	–	–
Investment income	(12 974)	(13 917)	<b>(46 787)</b>	(49 147)
Finance costs	63 767	61 654	<b>46 448</b>	49 219
Fair value adjustment – investment property	(304 606)	(837 877)	–	–
Movements in operating lease assets and accruals	1 033	(15 465)	–	–
Movements in provisions	795	593	–	(717)
Profits from non-current assets held-for-sale	–	67	–	–
Write-off of investment in Group companies	1 541	–	–	–
Investment property expensed	19 828	–	–	–
<b>Changes in working capital:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Trade and other receivables	45 762	(47 609)	22	(22)
Investment property – insurance receivable (note 14)	(45 951)	45 951	–	–
Trade and other payables	57 756	62 497	<b>(3 830)</b>	479
	<b>533 304</b>	511 922	<b>(4 774)</b>	(193)

	Notes	Loans and receivables at amortised cost R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Non- financial assets and liabilities R'000	Total R'000
<b>31. Categories of financial instruments</b>						
<b>Categories of financial instruments – Group – 2020</b>						
<b>Non-current assets</b>						
Investment property	3	–	–	–	7 854 029	7 854 029
Property, plant and equipment	4	–	–	–	747 674	747 674
Operating lease asset	5	–	–	–	132 470	132 470
Goodwill	7	–	–	–	625 464	625 464
Intangible asset	8	–	–	–	233 296	233 296
Other financial assets	11	–	5 432	–	–	5 432
Deferred tax	17	–	–	–	46 622	46 622
		–	5 432	–	9 639 555	9 644 987
<b>Current assets</b>						
Operating lease asset	5	–	–	–	23 279	23 279
Loans to shareholders	13	–	4 053	–	–	4 053
Trade and other receivables	14	–	17 628	–	8 591	26 219
Current tax receivable	–	–	2 213	–	–	2 213
Cash and cash equivalents	15	–	223 080	–	–	223 080
		–	246 974	–	31 870	278 844
<b>Total assets</b>		–	252 406	–	9 671 425	9 923 831

## Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

	Notes	Loans and receivables at amortised cost R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Total R'000
<b>31. Categories of financial instruments (continued)</b>						
<b>Categories of financial instruments – Group – 2020</b>						
<b>Non-current liabilities</b>						
Deferred tax	17	–	–	–	1 485 214	1 485 214
Other financial liabilities	18	–	–	48 928	–	48 928
Lease obligation	19	–	–	–	219 986	219 986
		–	–	48 928	1 705 200	1 754 128
<b>Current liabilities</b>						
Loans from shareholders	13	–	–	3 280	–	3 280
Other financial liabilities	18	–	–	583 732	–	583 732
Lease obligation	19	–	–	–	7 301	7 301
Current tax payable		–	–	–	3 078	3 078
Provisions	20	–	–	–	4 529	4 529
Trade and other payables	21	–	–	179 213	6 846	186 059
Dividend payable		–	–	6	–	6
		–	–	766 231	21 754	787 985
<b>Total liabilities</b>		–	–	815 159	1 726 954	2 542 113
<b>Categories of financial instruments – Group – 2019</b>						
<b>Non-current assets</b>						
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
Prepayments	8	–	–	–	233 296	233 296
Investments in associates	10	–	–	–	1 541	1 541
Other financial assets	11	–	5 432	–	–	5 432
Deferred tax	17	–	–	–	24 352	24 352
		–	5 432	–	9 109 730	9 115 162
<b>Current assets</b>						
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
<b>Total assets</b>		–	154 719	–	9 128 465	9 283 184

	Notes	Loans and receivables at amortised cost R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Total R'000
<b>Categories of financial instruments – Group – 2019</b>						
<b>Non-current liabilities</b>						
Finance lease liabilities	19	–	–	–	209 588	209 588
Deferred tax	17	–	–	–	1 405 014	1 405 014
Other financial liabilities	18	–	–	630 004	–	630 004
				630 004	1 614 602	2 244 606
<b>Current liabilities</b>						
Loans from shareholders	13	–	–	3 151	–	3 151
Other financial liabilities	18	–	–	23 453	–	23 453
Current tax payable		–	–	–	4 747	4 747
Provisions	20	–	–	–	3 767	3 767
Trade and other payables	21	–	–	123 626	4 644	128 270
Dividend payable		–	–	99	–	99
		–	–	150 329	13 158	163 487
<b>Total liabilities</b>		–	–	780 333	1 627 760	2 408 093
<b>Categories of financial instruments – Company – 2020</b>						
<b>Non-current assets</b>						
Investments in subsidiaries	9	–	–	–	3 910 683	3 910 683
<b>Current assets</b>						
Loans to group companies	12	–	325 232	–	–	325 232
Trade and other receivables	14	–	4 560	–	–	4 560
Current tax receivable		–	–	–	194	194
Cash and cash equivalents	15	–	20 695	–	–	20 695
		–	350 487	–	194	350 681
<b>Total assets</b>		–	350 487	–	3 910 877	4 261 364
<b>Current liabilities</b>						
Loans from Group companies	12	–	–	426 899	–	426 899
Other financial liabilities	18	–	–	407	–	407
Dividend payable		–	–	6	–	6
Trade and other payables	21	–	–	1 086	24	1 110
		–	–	428 398	24	428 422
<b>Total liabilities</b>		–	–	428 398	24	428 422

## Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

	Notes	Loans and receivables at amortised cost R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Total R'000
<b>31. Categories of financial instruments (continued)</b>						
<b>Categories of financial instruments – Company – 2019</b>						
<b>Non-current assets</b>						
Investments in subsidiaries	9	–	–	–	3 910 682	3 910 682
<b>Current assets</b>						
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
<b>Total assets</b>		–	488 304	–	3 910 876	4 399 180
<b>Non-current liabilities</b>						
Other financial liabilities	18	–	–	560 573	–	560 573
<b>Current liabilities</b>						
Trade and other payables	21	–	–	4 576	364	4 940
Dividend payable		–	–	99	–	99
		–	–	4 675	364	5 039
<b>Total liabilities</b>		–	–	565 248	364	565 612

## 32. Contingencies

### Guarantees received

The various Group companies have contingent assets in the form of guarantees provided by tenants that total R19.5 million (2019: R20.8 million).

	2020 R'm	2019 R'm
The breakdown is as follows per entity:		
DAJM Property Investment Proprietary Limited	0.1	0.1
Daybreak Properties 3 Proprietary Limited	1.0	1.0
Double Ring Trading 62 Proprietary Limited	1.2	1.4
Golden Falls 125 Proprietary Limited	9.6	9.9
Nabuvax Proprietary Limited	1.1	0.9
Nungu Trading 517 Proprietary Limited	0.7	0.9
Proc Corp 160 Proprietary Limited	4.6	5.1
Rubensmen Proprietary Limited	0.4	0.5
Zarafusion Proprietary Limited	0.8	1.0

### Guarantees issued

In the ordinary course of business, the Group issues guarantees to local councils and contractors to serve as guarantee for utility consumption, guarantee for land lease in Cyprus or payment guarantees for construction projects. As at year-end, the Group has issued R24.4 million (2019: R45.2 million) in guarantees for this purpose. None of these guarantees are expected to expire in the near future (2019: R45.2 million).

### Capital commitments:

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

	2020 R'000	2019 R'000
Investment Property – Acsiopolis (approximate)	390 000	346 282
Investment Property – Larnaca (Cyprus) (estimate)	459 000	–

A dispute is ongoing with the previous 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 still uncertain. During the current year, an insurance guarantee was paid out to the entity owing the construction site. The insurance guarantee of R55.8 million was paid on an adjudication instruction, which subsequent to payment has been taken to arbitration, the outcome of arbitration being uncertain. The funds will be utilised to correct any subsequent building defects resulting from work performed by the previous contractor.

### 33. Related parties

Relationships	
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) Fortuvax Proprietary Limited (Mall@Maputo) Zudorex Proprietary Limited Bengavox Proprietary Limited (Mall@Frankfort) Zudonetix Proprietary Limited Zudorex Cyprus Limited (Cyprus) Omelia 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) DJ Green (non-executive)
Associates	SilverCrest Trading 134 Proprietary Limited
Shareholder with significant influence	Fortutrax Proprietary Limited (Shareholder of Acscion Limited) (73.64%)
Shareholder with minority interest	RA Dlamini (45% in Zarafusion Proprietary Limited) Various (4.5% in Zudorex 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 29 February 2020

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>33. Related parties (continued)</b>				
<b>Related party balances</b>				
<b>Loan accounts – loans to/(from) related parties</b>				
Southern Palace Investments 108 Proprietary Limited	–	–	(426 899)	173 308
Golden Falls 125 Proprietary Limited	–	–	8 425	8 424
Nungu Trading 517 Proprietary Limited	–	–	102 784	102 784
Daybreak Properties 3 Proprietary Limited	–	–	11 438	11 438
Zudolex Proprietary Limited	–	–	3 258	3 249
Lomastep Proprietary Limited	–	–	199 327	184 409
K Anastasi Projects Proprietary Limited	(1 306)	(9 757)	–	–
Silver Crest Trading 134 Proprietary Limited	–	1 699	–	–
RA Dlamini	4 053	4 053	–	–
Loans from shareholders	(3 280)	(3 151)	–	–
<b>Amounts included in trade receivables regarding related parties</b>				
K Anastasi Projects Proprietary Limited	–	28	–	–
Sapfo Proprietary Limited	9	29	–	–
<b>Amounts included in trade payables regarding related parties</b>				
K Anastasi Projects Proprietary Limited	75	112	–	–
<b>Related party transactions</b>				
<b>Interest paid to/(received from) related parties</b>				
K Anastasi Projects Proprietary Limited	339	1 227	–	–
Southern Palace Investments 108 Proprietary Limited	–	–	(31 554)	(37 907)
Lomastep Proprietary Limited	–	–	(14 905)	(11 211)
<b>Purchases from related parties</b>				
K Anastasi Projects Proprietary Limited (Anastasi Construction)	70 436	24 605	–	–
<b>Rent paid to/(received from) related parties</b>				
Proc Corp 160 Proprietary Limited	–	–	–	91
K Anastasi Projects Proprietary Limited	–	(131)	–	–
<b>Management fee received from related parties</b>				
Southern Palace Investments 108 Proprietary Limited	–	–	8 639	(8 817)
<b>Collection and letting commission</b>				
Sapfo Proprietary Limited	171	(234)	–	–

Refer to note 34 for key management disclosure.

## 34. Directors' emoluments

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

	Salary R'000	Bonus R'000	Total R'000
<b>Executive</b>			
<b>2020</b>			
K Anastasiadis	2 948	–	2 948
S le Roux	1 283	148	1 431
	4 231	148	4 379
<b>2019</b>			
K Anastasiadis	2 940	–	2 940
S le Roux	1 210	80	1 290
	4 150	80	4 230

	Directors' fees R'000	Total R'000
<b>Non-executive 2020</b>		
DJ Green	215	215
PD Sekete	215	215
M Hlobo	215	215
TSB Jali	215	215
HN Bila	215	215
	<b>1 075</b>	<b>1 075</b>
<b>2019</b>		
DJ Green	234	234
PD Sekete	210	210
M Hlobo	70	70
S Griesel	88	88
TSB Jali	239	239
HN Bila	210	210
	1 051	1 051

### 35. 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 Covid-19 pandemic impacted the South African economy significantly. The potential impact on rental income, access to funding, pressure on current loan covenants and ability to continue with current developments were some of the factors considered in establishing the Group's ability to continue as a going concern.

The directors' response to the pandemic included:

- Establishment of a dedicated management team to implement a co-ordinated response across the business to ensure the health, safety and wellbeing of all stakeholders;
- Implementation of business continuity plans to minimise disruption in business operations; and
- Continuous monitoring of the Group's liquidity position together with cash flow planning.

After consideration of the above, 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 other than material changes resulting from Covid-19. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

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 31 May 2021 and the current financial position. For the financial year ending 29 February 2020, the current liabilities exceed current assets for the Group due to the expiry of the main Group facility during February 2021. The facility is secured over the property held by Proc Corp 160 Proprietary Limited. The directors are comfortable that the facility will be renewed or replaced. The loan due by the Company of R427 million has been subordinated for liquidity purposes.

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

## 36. 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 18; 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 29 February 2020 is 4.68% (2019: 7.00%). 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 relates to the Group's possible inability to meet short-term financial obligations. 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.

	Less than 1 year R'000	2 to 5 years R'000	More than 5 years R'000
<b>GROUP</b>			
<b>At 29 February 2020</b>			
Financial liabilities (note 18)	583 752	42 992	5 936
Right-of-use liability (note 19)	7 301	35 813	280 889
<b>At 28 February 2019</b>			
Financial liabilities (note 18)	25 628	618 019	9 810
Right-of-use liability (note 19)	4 052	31 470	268 185

### 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 R4.555 million (2019: R4.705 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 is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any financial contract, in principal the failure to make required payments due to an entity.

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	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Trade receivables	26 443	72 010	4 560	4 582
Loans to group companies	–	1 699	325 232	483 613

### 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.

## 37. Events after the reporting period

The recent outbreak of Covid-19 has significantly affected the South African economy and our industry.

In line with IAS 10: *Events after the Reporting Period*, non-adjusting events are those that are indicative of conditions that arose after the reporting period. Judgement was applied in assessing whether the Covid-19 pandemic arose for the Group after the reporting period.

The directors considered the following in their assessment:

- No confirmed Covid-19 cases were reported in South Africa as at 29 February 2020.
- A significant fall in the local and global equity markets was observed on 12 March 2020.
- A national state of disaster was declared by the President of the Republic of South Africa on 15 March 2020 leading to a country-wide lockdown commencing 26 March 2020.

Given the above considerations, the Covid-19 pandemic was treated as a non-adjusting event after the reporting date.

The quantitative impacts of Covid-19 cannot yet be reliably determined due to the extent of the uncertainties caused by the pandemic. However, the directors consider that the outbreak and response to the Covid-19 pandemic will have a significant future impact on the Group's business, specifically in the following broad areas:

### Valuations of properties

A decline in property values and rental revenue is likely due to the depressed state of the economy. Potential tenant failures, lower than normal rental escalations on renewal of leases and lesser demand for space in the retail sector will probably occur. These factors create a volatility in rental revenue received and ultimately lead to uncertainty regarding the valuation assumptions on which valuations are based.

The potential impact of Covid-19 on the fair value determination of our investment property is quantified below:

Discount rates:

- Increased by 100 basis points for rural retail centres and 150 basis points for urban retail centres as a result of Covid-19.
- The depressed state of the economy and an appetite from banks to fund additional lending is factored in here.

Exit capitalisation rates:

- Increased by 50 basis points for rural retail centres and 100 basis points for urban retail centres as a result of Covid-19.
- The subdued investor demand for retail property in key areas also contributed to an increase in exit capitalisation rates.
- Low to no transactions recorded of material properties changing hands.

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2020

## 37. Events after the reporting period (continued)

### Valuations of properties (continued)

Expected market rental growth rates:

- Low or even negative growth for retail rental is expected as a result of Covid-19 for the next year.
- An increase on rental income of 2% on prior year results was assumed to factor in new vacancies, loss of tenant income due to lockdown restriction of trade and possible rental renegotiations.
- Other factors contributing to the decrease in expected market rental growth rates relates to the combined impact of falling medium-term inflation forecasts coupled with weaker occupier demand and an overall contraction of the economy between 10% to 16% forecasted by key economists.

An increase in the discount and exit capitalisation rates as well as a reduction in rental growth on the basis discussed above, resulted in a reduction of Investment Property value (as valued at 29 February 2020) of R993.9 million for the Group (refer notes 3 and 6 for information relating to investment properties and further sensitivity analysis).

### Rental collections, provision for credit losses and future liquidity

The uncertain economic outlook and the restrictions imposed to curb the spread of the Covid-19 virus resulted in ceased tenant operations, a decrease in mall traffic and reduced number of operation hours in shopping malls. This will have a material adverse effect on our tenants' operations, the viability of their business and their ability to meet their rental obligations. Potentially an increase in provision for credit losses would be required due to reduction in rental collection. Ultimately this will also impact on the future liquidity of the business. The lockdown was eased to level 3 from 1 June 2020, which will result in more tenants able to return to normal business operations.

### Construction of properties under development

The restriction on operations and movement has had the effect that all construction projects have been ceased which will cause delays in completion of these projects. The financial impact of the delay is too uncertain to predict. Please refer to note 3 on sensitivity analysis provided for both Acsiopolis and Mall@Larnaca.

### Goodwill and Intangible asset

The impact of Covid-19 on the value of these items has been considered and did not indicate any impairment, should assumptions be adjusted accordingly.

### Credit rating

Subsequent to year-end, the rating agencies have also downgraded South Africa even further below investment status.

## 38. Segmental reporting

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

The executive members of the Board are considered to be the chief operating decision-making body ("CODM") of the entity. Due to the mixed-use property (Acsiopolis and Mall@Larnaca) 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 CODM 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 are 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 developed 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. Once Mall@Larnaca is completed, there would be a property in Cyprus generating income.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>39. Non-controlling interest</b>				
Opening balance	55 565	41 122	-	-
Profit for the year	5 480	14 442	-	-
	<b>61 045</b>	55 565	-	-

The non-controlling interest balance recognised is not deemed material by management. Key financial information relating to Zarafusion Proprietary Limited was the following:

	COMPANY	
	2020 R'000	2019 R'000
The following summarised information for Zarafusion Proprietary Limited is before inter-company eliminations.		
Revenue	39 717	37 638
<b>Profit for the year</b>	<b>12 176</b>	32 094
Profit attributable to non-controlling interest	5 480	14 442
Non-current assets	309 138	308 036
Current assets	2 757	1 356
Non-current liabilities	38 948	35 883
Current liabilities	140 579	153 317
<b>Net assets</b>	<b>132 368</b>	120 192
Net assets attributable to non-controlling interest	59 566	54 086
Cash flows from operating activities	14 162	11 260
Cash flows from investing activities	(15)	(1 167)
Cash flows from financing activities	(14 142)	(10 164)
<b>Net increase in cash and cash equivalents</b>	<b>5</b>	(71)

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>40. Tax paid</b>				
Balance at the beginning of the year	(2 243)	(15 757)	194	(1 211)
Current tax for the year recognised in profit or loss	(104 656)	(90 924)	-	-
Balance at the end of the year	865	2 243	(194)	(194)
	<b>(106 034)</b>	(104 438)	-	(1 405)
<b>41. Dividends paid</b>				
Balance at the beginning of the year	(99)	(33)	(99)	(33)
Dividends	-	(98 401)	-	(98 740)
Balance at the end of the year	6	99	6	99
	<b>(93)</b>	(98 335)	<b>(93)</b>	(98 674)

Dividends paid are from profits.

## Appendix A – additional information

for the year ended 29 February 2020

	Shares held 2020 '000	Shares held 2020 %	Shares held 2019 '000	Shares held 2019 %
<b>1. Shareholder information</b>				
<b>Beneficial shareholders holding 5.0% or more of Acision's issued share capital are as follows:</b>				
Fortutrax Proprietary Limited*	290 867	73.64	290 867	73.64
The Papas Trust	27 453	6.95	27 489	6.96
	<b>318 320</b>	<b>80.59</b>	318 356	80.60

\* Mr K Anastasiadis is a director.

	Number of shares held 2020	% 2020	Number of shares held 2019	% 2019
<b>2. Beneficial shareholders spread</b>				
<b>Beneficial shareholders spread</b>				
Directors and their related parties	301 270	76.28	301 136	76.24
Non-public	301 270	76.28	301 136	76.24
Public	93 690	23.72	93 824	23.76
	<b>394 960</b>	<b>100.00</b>	394 960	100.00

	Rand
<b>3. Average net rental per square metre (including anchor tenants)</b>	
<b>Development</b>	
Mall@Carnival	172.57
Mall@Emba	163.10
Mall@Lebo	154.05
Mall@Moutsiya	121.52
Mall@Mfula	139.10
Mall@Reds	163.47
Mall@55	132.98
Moreleta Square	124.94
Simarlo Rainbow	58.97

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 29 February 2020

## 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, 1<sup>st</sup> Floor, Mall@Reds, Cnr Rooihuiskraal and Hendrik Verwoerd Drives, Rooihuiskraal Extension 15, Centurion on 6 August 2020 at 9:00am for the purposes of:

- 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 Committee report for the year ended 29 February 2020;
- 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; and
- 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, 26 June 2020
Integrated Report to be posted on	Monday, 6 July 2020
Record date for voting purposes (voting record date)	Friday, 31 July 2020
Last day to lodge forms of proxy for the AGM	Tuesday, 4 August 2020
AGM	Thursday, 6 August 2020
Results of AGM releases on SENS by	Friday, 7 August 2020

In terms of section 62(3)(e) of the Companies Act 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, 31 July 2020.

## 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. The exception is Ordinary Resolution 10 which requires a majority of 75% of the total number of votes exercisable by shareholders, present in person or by proxy, in terms of JSE Listings Requirements.

In order for special resolutions to be adopted, the support of 75% or more 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").

# Notice of the Annual General Meeting (continued)

for the year ended 29 February 2020

## Ordinary Resolution 1: Adoption of the Annual Financial Statements

It is resolved that the Annual Financial Statements of the Company for the year ended 29 February 2020, including the directors' report, be and are hereby received and adopted.

## Ordinary Resolution 2: Adoption of the Audit and Risk Committee report

It is resolved that the report of the Audit and Risk Committee for the year ended 29 February 2020, be and is hereby received and adopted.

## Ordinary Resolution 3: Adoption of the Remuneration Committee report

It is resolved that the report of the Remuneration Committee for the year ended 29 February 2020, be and is hereby received and adopted.

## Ordinary Resolution 4: Adoption of the Social and Ethics Committee report

It is resolved that the report of the Social and Ethics Committee for the year ended 29 February 2020, 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
- 5.5 Modi Hlobo



A brief curriculum vitae of each of the directors standing for re-election is set out on pages 28 to 29 of the Integrated Report.

## Ordinary Resolution 6: Reappointment 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
- 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 pages 28 to 29 of the Integrated Report.

## Ordinary Resolution 7: Appointment of auditor

It is resolved that the Company appoint RSM South Africa Incorporated 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 59 003 667 shares, being 15% of the Company's issued shares as at the date of notice of this AGM, excluding treasury shares. Accordingly, any shares issued under this authority prior to this resolution lapsing shall be deducted from the 59 003 667 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; 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 contained in the Annual Financial Statements. 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 three 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 three 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 contained in the Annual Financial Statements. 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 three 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 three 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.

# Notice of the Annual General Meeting (continued)

for the year ended 29 February 2020

## Special Resolution 1: Approval of 2021 fees payable to non-executive directors

Resolved, as a special resolution, that the fees payable by the Company to non-executive directors, excluding VAT, 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 2021 financial year, as follows:

	Proposed 2021 fee Rand
David Green	220 500
Modi Hlobo	220 500
Nicholas Bila	220 500
Thabani Jali	220 500
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:

- Any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the Company and the counterparty;
- 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;
- The Company (or any subsidiary) is duly authorised by its MOI to do so;
- 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;
- 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;
- At any point in time the Company (or any subsidiary) may appoint only one agent to effect repurchase on its behalf;
- 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;
- 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
- 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:

- the Company and the Group will, in the ordinary course of business, be able to pay its debts;
- 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
- 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 100
- Capital structure of the Company page 48 and 50



### **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 28 and 29 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 29 February 2020 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 Acision includes the provision of financial assistance. This resolution only applies to loans not in the ordinary course of business in these circumstances.

# Notice of the Annual General Meeting (continued)

for the year ended 29 February 2020

## 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) Inasmuch 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.

## 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 Monday, 3 August 2020 by submitting by email to the Company secretary at michael@mwrk.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 shareholder's 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 shareholder's CSDP confirming that shareholder's 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 29 February 2020

## Acision 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)  
("Acision" 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 Tuesday, 4 August 2020 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 \_\_\_\_\_ Acision 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	Reappointment of M Hlobo as a member of the Audit and Risk Committee			
Ordinary Resolution 6.2	Reappointment of N Bila as a member of the Audit and Risk Committee			
Ordinary Resolution 6.3	Reappointment of D Green as a member of the Audit and Risk Committee			
Ordinary Resolution 7	Appointment of auditor			
Ordinary Resolution 8	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 2021 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			

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

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.

# Notes to the form of proxy

for the year ended 29 February 2020

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 Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received not later than 09h00 on Tuesday, 4 August 2020. 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 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 09h00 on Tuesday, 4 August 2020.

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



**Michael Reynolds for**

MWRK Accountants and Auditors Incorporated

MWRK

Company secretary

## Registered office

Acsion Limited

Mall@Reds

1<sup>st</sup> 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

Property holding and development

## Directors

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

