



Integrated Report 2021

This is AcSION Limited's seventh Integrated Report as a listed company. The report has been prepared to provide the reader with an overview of the business since the previous financial year. AcSION ("AcSION", "the Company", "the Group") is listed on the JSE in the Real Estate Holdings and Development sector as a property development company. The share code is "ACS".

Who we are

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

What we do

Our investment portfolio consists of **eight well-established, strategically located retail properties** as well as **a light industrial property**. AcSION unlocks development profits and then generates annuity income and further capital growth for its shareholders through the active and continued management of its developed property portfolio generating rental income. AcSION leverages its stable income stream and **strong financial position 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

 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 Acsion Limited. All the properties are individually held in separate companies that are subsidiaries and are all managed internally by Southern Palace Investments 108 Proprietary Limited (T/A Anaprop Property Management), one of the subsidiaries of Acsion Limited.

Frameworks applied

This Integrated Report has been compiled in line with the guidelines, frameworks and regulations as detailed below:

- International Integrated Reporting Council’s (“IIRC”) Integrated Reporting Framework
- South African Companies Act 71 of 2008 (as amended)
- JSE Listings Requirements
- International Financial Reporting Standards (“IFRS”)
- The King IV Report on Corporate Governance¹ 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”, “envision” and other similar expressions, which are intended to identify these forward-looking statements, but are not an exclusive means for identifying such statements.

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

Materiality

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

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This report will cover the period from 1 March 2020 to 28 February 2021 during which Acsion traded very successfully, despite tough economic conditions and the COVID 19 pandemic.

VALUE

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

REVENUE
1.5% increase
from R687.0 million to
R697.3 million

HEADLINE EARNINGS PER SHARE
8.7% increase
from 65.61 cents per share to
71.32 cents per share

EARNINGS PER SHARE
95.13% decrease
from 123.40 cents per share
to **6.01 cents per share**

NET ASSET VALUE PER SHARE[#]
0.3% increase
from 1 789.43 cents per share to
1 795.40 cents per share

[#] Restated in prior year

No dividends were declared for either periods under review.

About us

Acsion Limited is a highly experienced, specialist property developer and property holding company and is the only JSE-listed company dedicated to property development and reaping the rewards of our own developments as a landlord.

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 which cater to the local catchment market needs.

Anaprop Property Management was formed in 2004.

Developed properties:

Mall@Carnival

Regional shopping centre valued at **R2.537 billion**

Mall@55

Convenience centre valued at **R370 million**

Mall@Lebo

Small regional centre valued at **R533 million**

Simarilo Rainbow

Light industrial/commercial property valued at **R42 million**

Mall@Moutsiya

Community centre valued at **R262 million**

Mall@Emba

Community centre valued at **R629 million**

Mall@Reds

Regional shopping centre valued at **R1.380 billion**

Moreleta Square

Neighbourhood centre valued at **R168 million**

Mall@Mfula

Community centre valued at **R371 million**



Anaprop's services include:

Asset management

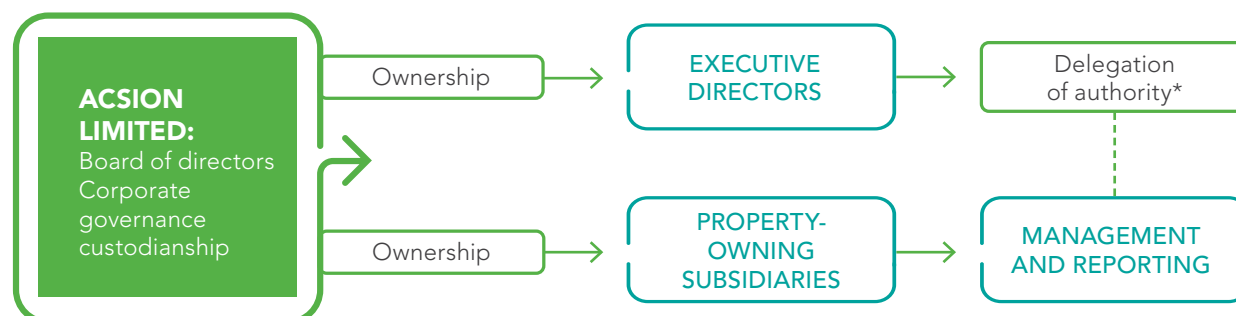
- Market research, analysis and strategic planning
- Site evaluation and feasibility studies
- Conceptualisation, layout and design functionality
- Leasing and strategic leasing plan
- Development facilitation
- Identification and assessment of property location
- Securing property rights
- Networking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

Property management

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

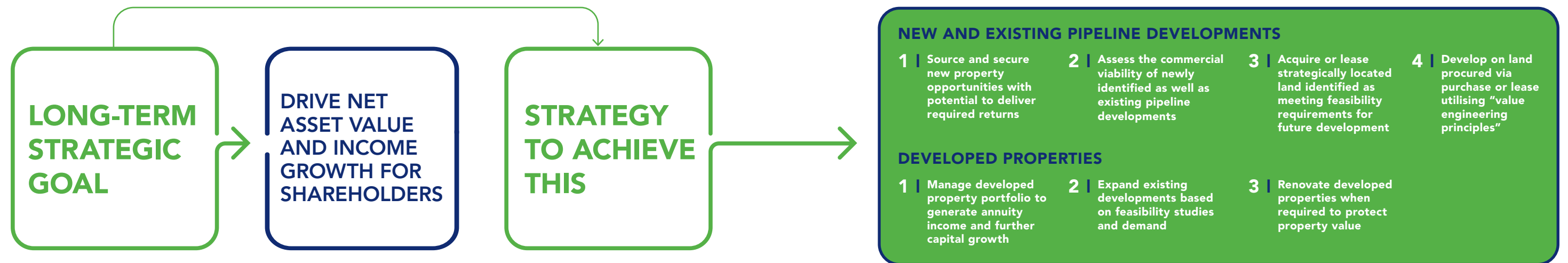
Development project management

- Appointment and co-ordination of professional team
- Tenant co-ordination and administration
- Appointment of contractors
- Project management to completion and commissioning

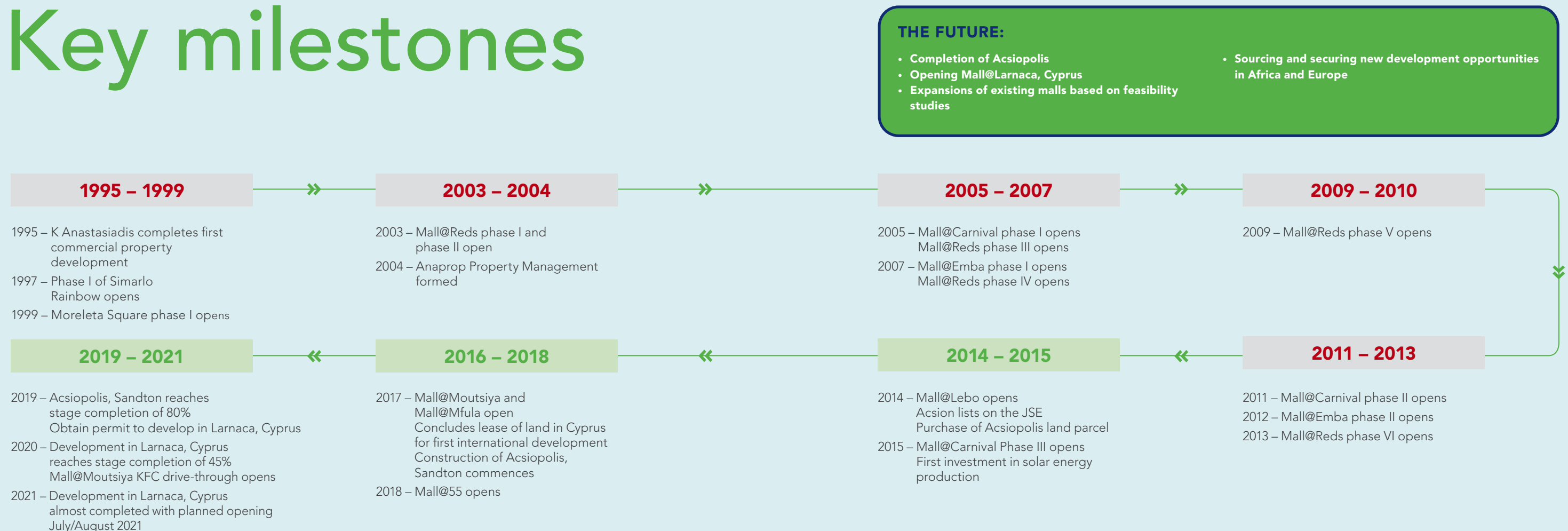


* Delegation of authority is a formal document which sets out the limits of transacting powers and persons with such powers.

Acsion strategy



Key milestones



Property portfolio

The 2021 financial year was very challenging for retailers as the whole economy was severely impacted by the COVID-19 pandemic and resulting lock-down periods. All our properties have been developed internally by the Group. GLA means gross lettable area.

MALL@CARNIVAL



REGIONAL SHOPPING CENTRE VALUED AT

R2.537 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
- fast growing medium income residential area

Acquisition date: May 2004
GLA of 90 615 m²

MALL@REDS



REGIONAL SHOPPING CENTRE VALUED AT

R1.380 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 m²

MALL@EMBA



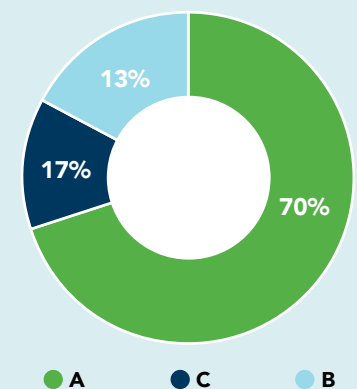
COMMUNITY CENTRE VALUED AT

R629 million

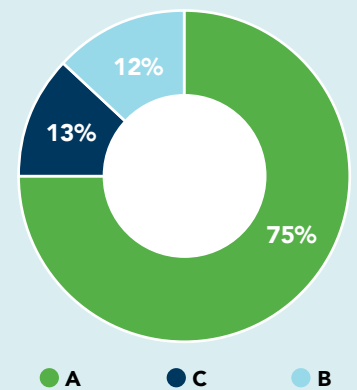
- Cnr eMbalenhle Avenue and Old Provincial Road, eMbalenhle, Mpumalanga
- Only formal retail offering in the area with approximately 300 000 residents
- Nearest formal retail in the Secunda CBD is approximately 15 km away

Acquisition date: May 2007
GLA of 24 605 m²

Tenant profile by revenue



Tenant profile by rentable area



The tenant profile is separated as follows:

A – Large national tenants and major franchisees with turnover in excess of R1 billion.

B – Other national tenants and franchisees with turnover less than R1 billion but more than R80 million

C – Line tenants including Kiosks which consisted of 374 tenants at 28 February 2021

When classifying tenants into categories, the South African Owners Association guidelines are followed.

Property portfolio (continued)

We will focus on completing our developments under construction and maintaining our completed developments to the benefit of all stakeholders in 2022.

MALL@LEBO



SMALL REGIONAL CENTRE VALUED AT

R533 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 m²

MALL@55



CONVENIENCE CENTRE VALUED AT

R370 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 15 969 m²

MALL@MFULA



COMMUNITY CENTRE VALUED AT

R371 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 m²

MALL@MOUTSIYA



COMMUNITY CENTRE VALUED AT

R262 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 m²

Property portfolio (continued)

The mall in Cyprus will be completed and opening within the next quarter. The group will continue to assess new development opportunities, both local and international, with the potential to provide above-market returns.

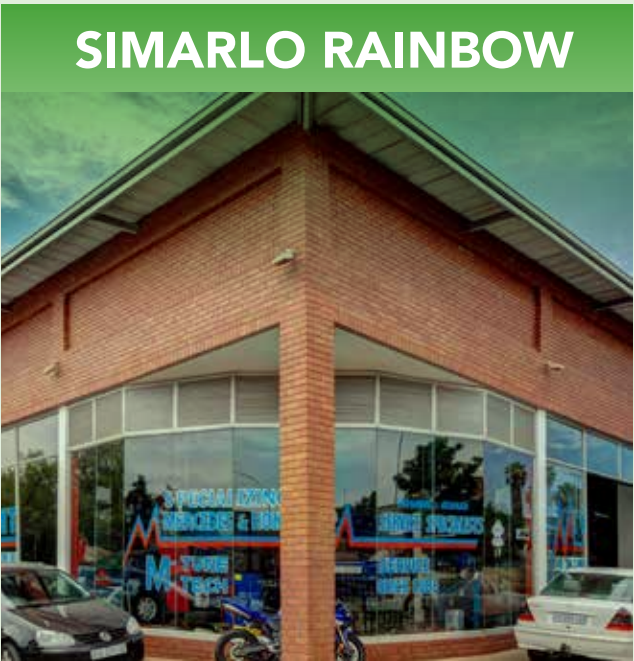


MORELETA SQUARE

NEIGHBOURHOOD CENTRE
VALUED AT
R168 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 8 579 m²



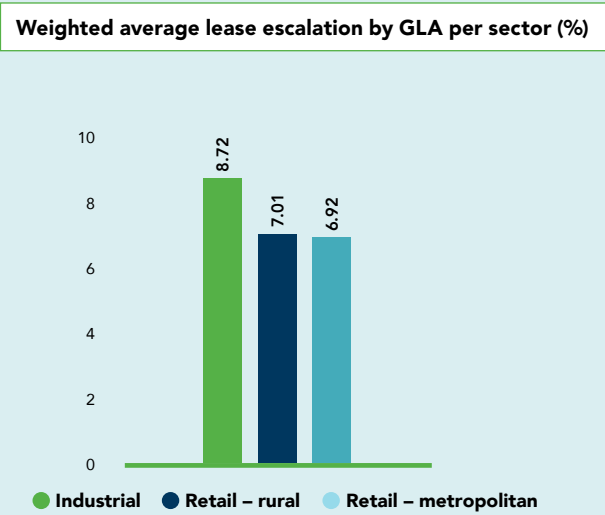
SIMARLO RAINBOW

LIGHT INDUSTRIAL/COMMERCIAL
PROPERTY VALUED AT
R42 million

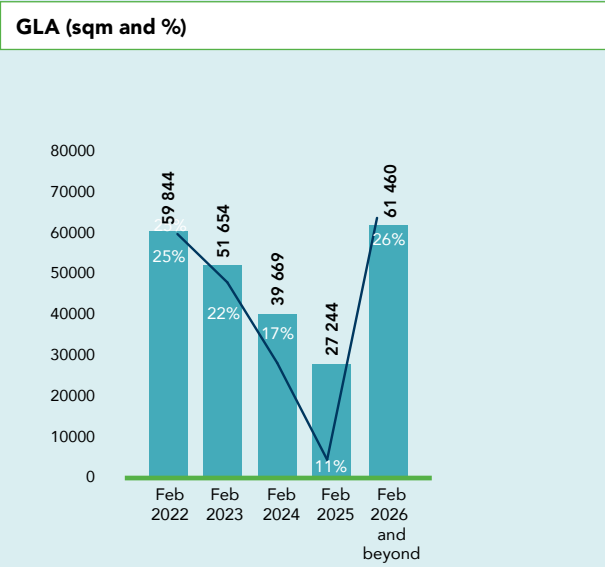
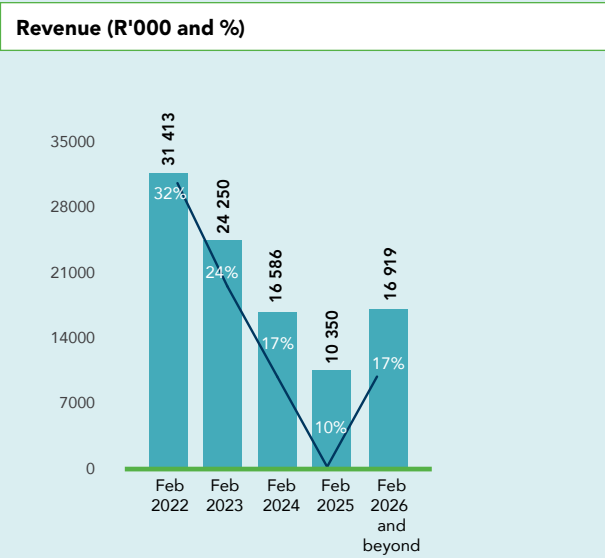
- 118 Edward Avenue, Hennopspark, Centurion, Gauteng
- Close proximity to the N14 and N1 freeways and Hendrik Verwoerd Drive
- Each unit comprises office space with adjoining workshop and storage

Acquisition date: March 1999
GLA of 6 891 m²

Lease escalation profile



Group lease expiry profile by



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

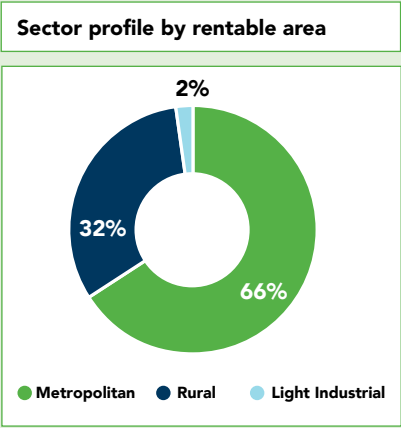
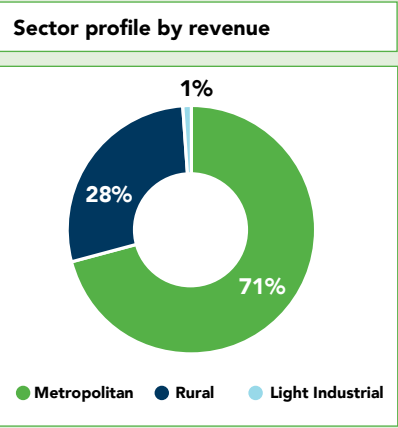
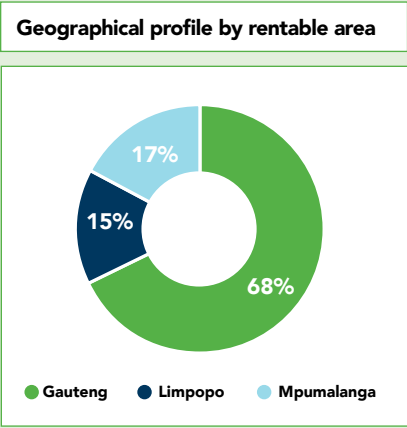
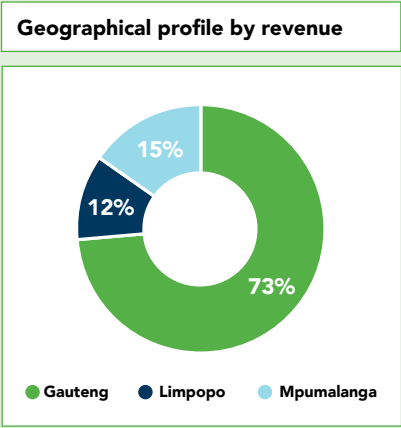
These categories in combination drive the value creation for Acsion and results in the net asset value uplift.



Our current pipeline footprint



Current developed portfolio’s geographic and sector profiles



VACANCY PROFILE
WEIGHTED VACANCY PER GLA

Retail: 5.09%
Light Industrial: 17.23%

OPERATING YIELD AVERAGE
5.90%

WEIGHTED AVERAGE RENTAL/SQM BY GLA PER SECTOR

RETAIL – METROPOLITAN
R171.29

RETAIL – RURAL
156.21

LIGHT INDUSTRIAL
R69.63

Chairman's Report

Retail space has recovered since the advent of COVID 19 with 61% of tenants in good standing with their landlords in December 2020 as opposed to 40% in May 2020.



Thabani Jali
Chairman

Acision and the property market

During March 2020 the Covid 19 pandemic landed on our shores and the country immediately went into level 5 lockdown. This created a challenge for the South African economy and its citizens. At all times we, at Acision, were and remain concerned for our employees and their families and more specifically their physical health and general well-being. In turn, our employees, have, notwithstanding these challenges, executed their tasks well throughout the year.

Covid 19 had a substantial negative impact on the South African property sector, particularly following on from South Africa's poor economic performance in the year preceding the advent of the pandemic. This is evident in the FTSE/JSE Listed Property Index which was down by approximately 50% over two years in October 2020 and with the beginning of the recovery in the current year as people adjusted to the "new normal" way of life, this index is down approximately 37% over two years in May 2021. The index is weighted more heavily to retail property than commercial, industrial and residential property and Acision is therefore pleased that, in these circumstances, it has managed to report a marginal increase in headline earnings per share and a very small increase in net asset value. The board regards this as a good result, given the fact that these results include COVID 19 credit losses and expected future credit losses on the group's book. Unfortunately, the group has had substantial impairments during the year resulting in a significant fall in earnings, but this was to be expected given the circumstances and accords with the results of most other property companies. We expect a recovery in these values in the forthcoming year.

Retail space has recovered since the advent of COVID 19 with 61% of tenants in good standing with their landlords in December 2020 as opposed to 40% in May 2020 (TPN commercial tenant data 2021.01). Of particular relevance to Acision is that rural shopping at small regional, community and convenience centres has performed better than consumer spending at large regional centres and Acision has several excellent malls in the better performing category. This has assisted the group to maintain rental rate averages and reduce its reversion rates.

We expect a slow but continued improvement at all our South African centres during the year and anticipate good results from our first offshore centre in Larnaca Cyprus which opens in the third quarter of the 2021 calendar year. Whilst we have experienced continued delays in the construction of Acsiopolis during the year, we expect its opening to coincide with the revival of the hospitality sector which will benefit the group's flagship mixed use development in Sandton, following upon the COVID 19 vaccination program and the re-opening of our borders.

The South African economy is expected to improve this year. The group is planning expansions at some existing malls, but local developments remain constrained by, amongst other factors, continued electricity limitations. The group will of course pursue opportunities that may arise where returns on investment meet or exceed returns from our traditional value engineering model used for our own developments.

Corporate governance

Following upon the retirement from the board of two directors in the midst of the COVID 19 pandemic, a decision was made to reduce the board size to three non-executive directors and two

executive directors given the uncertainty of revenue collection and the need for consequential cuts to costs. This was able to be done whilst continuing to adhere to the requirements of King IV, the Companies Act, JSE rules and the Memoranda of Incorporation of all Acision group entities, except as detailed in the audit committee report. Board oversight has remained strong throughout the year.

Management remains consistent and the finance team has been increased in size after year-end. Executive committee KPIs are currently in development and will be implemented by the end of the 2022 financial year. Senior executives join most board and board committee meetings to ensure the board is not excluded from crucial information and to ensure management has clarity on the board's strategic objectives.

The forthcoming year and beyond

The group is cautiously optimistic about a recovery in the property market in the current year, given the low base from which it is proceeding. In consequence thereof, the group is expected to report higher headline earnings and earnings in the 2022 financial year. In addition, the opening of the Mall @ Larnaca and the completion of Acsiopolis within the year will, in all likelihood, uplift the group's net asset value.

The horizon beyond the 2022 financial year is more unpredictable and is dependent, locally, on a strengthening of private sector participation in the economy, the first signs of which have been evident in the last two to three months and an improvement in the supply of energy and the implementation of government spectrum policy to open up new sectors of the economy. We, as a nation, have a lot of work to do to improve the lives of our citizens. Our success in these endeavours will bring more development and such development will, likewise, contribute to improving the lives of our citizens.

The group is at present looking at offshore development opportunities and property acquisitions where the required ROI is available and has started strategic consideration of new uses of property and an expanded portfolio of property categories to be able to keep up with changes in business and consumer behaviour in the future.

Appreciation

At our last annual general meeting in 2020, Mr. David Green, the former chairman of Acision from listing on the JSE and Mr Nicholas Bila retired from the board. We thank the two of them for the sterling work they did and the commitment they showed to the company. We wish them all the best with their future endeavours.

I thank the board of directors, and Acision's executive team and our staff who have continued to work during lock down, for steering the group through the COVID 19 pandemic which has been extremely challenging. Your hard work, dedication and commitment have stood the group in good stead to move forward with greater confidence.

In closing, we must remember that one man's problem is another man's opportunity and it is opportunity and profitable growth we continue to focus on.

A handwritten signature in dark ink, appearing to read 'Thabani Jali', written over a horizontal line.

Thabani Jali
Chairman

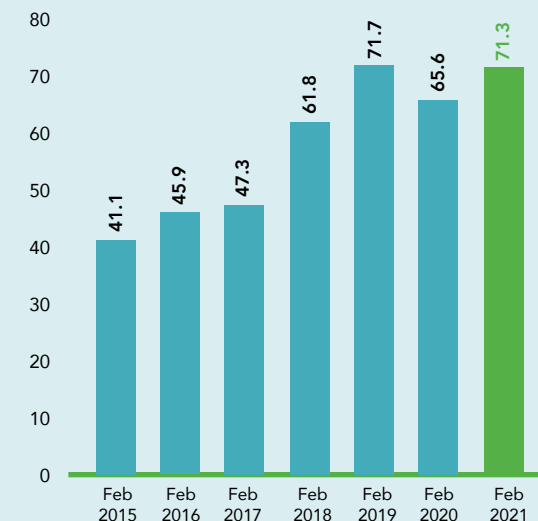
Chief Executive Officer's report

The SA economy is still deteriorating, as challenges with service delivery and structural reform changes, continue to hamstringing the country and property sectors' ability to generate growth.

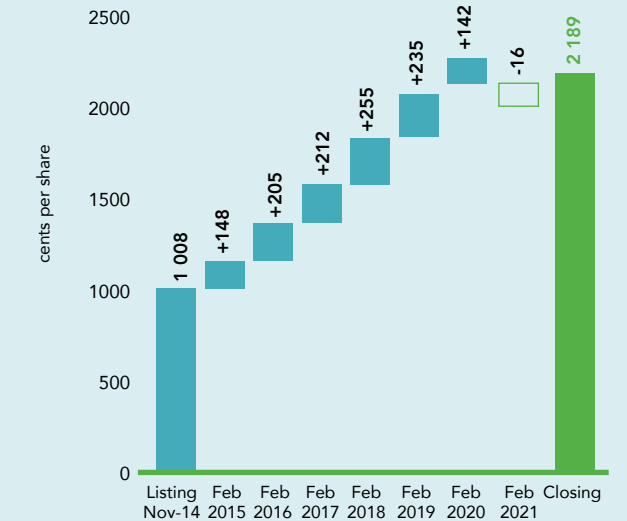


Kiriakos Anastasiadis
Chief Executive Officer

Headline earnings per share



Net asset value per share excluding deferred tax and dividends paid



The Group

The Acision Group is engaged in all facets of property management and development consolidated into one listed entity and managed by Anaprop, our inhouse property management company. We have chosen to remain 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.

Considering COVID has not yet been fully mitigated, the group presents their 2021 results with a certain degree of trepidation. The SA economy is still deteriorating, as challenges with service delivery and structural reform changes continue to hamstringing the country and property sector's ability to generate growth. The group is focusing on areas within our portfolios to better enhance the return potential of each asset. Increasing our solar energy footprint and improving the management of utilities within the portfolio have become key focus areas. We welcome the President's lifting of the embedded power generation to 100Mw and look forward to further improvements and freedom arising from structural reforms. These improvements will enable both Acision and the private sector to seek solutions to assist in promoting the much-needed growth in the country's economy.

Growth is the key to solving the country's economic woes, and there is no better time to focus on this than now, after a global pandemic.

Pipeline developments

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

The Acsiopolis development is the group as well as Sandton's biggest mixed-use development. An unparalleled amount of focus and manhours from executives and the construction company has been allocated to completing this project by the last quarter of 2021. The vaccination of the local population and SA's ability to take advantage of the pent-up demand for hospitality, will be key factors that will drive the success of this iconic project.

Metropolis Mall@Larnaca is set to open at the end of July 2021. Notwithstanding the challenges of COVID on construction, the mall has been fully let and is set to meet its objective of providing the Cypriot population with a lifestyle destination of choice. Two additional parcels of land on the existing plot are being prepared for further development. Preliminary tenant interest is being assessed for feasibility and final negotiation.

Following our successful conclusion of a Memorandum of Understanding with the Mozambique Government in 2020, we continue to assess the feasibility of the project, albeit on a different demand fundamental. Although the initial investment has been impaired, management is still confident that a viable development will be completed, and negotiations with stakeholders, tenants and government will continue.

Mall@55 Phase 2 leasing is in the process of finalisation and plans to start development are imminent.

Trade@55 is still earmarked for big box retail and our leasing division is actively marketing to potential tenants.

Chief Executive Officer's report (continued)

Financial performance

During the financial year the group recorded revenue of R697.3 million (2020: R686.9 million) and a net profit after tax of R67.7 million (2020: R490.9 million). The movement is mostly attributable to impairments in intangible assets and fair value impairments and adjustments to local investment properties. Operating expenses were contained at R344.9 million (2020: R296.4 million) for the financial year, which includes COVID relief and bad debts, however excludes any insurance recoupment.

Net profit after tax attributable to ordinary shareholders of R22.6 million (2020: R485.4 million) equated to basic and diluted weighted earnings per share of 6.01 cents (2020: 123.40 cents) and weighted headline earnings per share of 71.32 cents (2019: 65.61 cents) for the year.

The group had a minor decrease in its net asset value per share (excluding deferred tax) from a restated 2 176.00 cents per share in 2020 to 2152.46 cents per share in 2021.

The overall effect of the above is that the company's financial position was flat in the light of headwinds around local asset impairments and COVID relief. The Metropolis Mall@Larnaca was key in lifting and bringing the NAV per share (excluding deferred tax) to a similar position as in 2020.

Liquidity of the Acsion share

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

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

Conclusion

As a group we are starting to see light at the end of the proverbial tunnel created by the Global Pandemic, with many opportunities presenting themselves for the group to increase its gearing and improve its Net Asset Value.

Our experienced executive team is driving to exceed expectations set in 2021 for 2022, and is looking forward to new challenges as they present themselves. Once the population has been vaccinated and the world starts to shake off the fears of COVID, we are sure that Acsion will be well positioned to keep growing at the pace we are accustomed to.

In closing, a final thought of gratitude goes out to the healthcare and essential service workers for the vital roles they have played in keeping our stakeholders and staff safe.



Kiriakos Anastasiadis
Chief Executive Officer



Material risks and opportunities

 Risk/opportunity increased since 2020

 Risk/opportunity decreased since 2020

 Risk/opportunity stayed broadly the same since 2020

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 Acsion to manage risk is for the Executive Committee to manage it in conjunction with mitigation plans. During the year D’Anvo Jones resigned as risk officer and the vacancy was temporarily filled by the executive committee of the management company in the Group, Southern Palace Investments 108 Proprietary Limited. Subsequent to year-end a new risk officer, Makama Malematja was employed and she will be responsible for maintaining the risk register. This register is reviewed twice by the Audit and Risk Committee during the year, together with monthly reviews by the Executive Committee so that the risks identified are sufficiently managed and mitigated to the satisfaction of the Board and executives.

Acsion 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. The internal auditors report to an independent firm of registered auditors, MWRK Accountants & Auditors Inc. of which the company secretary is a director.

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 is tasked with perform testing around IT governance and making 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”).

CERTAIN

LIKELY

MODERATE

UNLIKELY

RARE

2

1

3

5

4

MINOR

MODERATE

SERIOUS

CRITICAL

MAJOR

LIKELIHOOD

IMPACT

Detail of risk	Possible impact	Mitigating factors and opportunities	Risk	Opportunity
1 SOUTH AFRICAN ECONOMY	• Excessive damage caused by COVID-19 and the resulting period under lockdown. • Contraction of the economy within a possible predicted range of 7% to 16%. • Increase in closing down of businesses with consequent of uncontrollable unemployment. • Post COVID-19, the capability to deliver a sustainable power supply to restart the economy could be problematic.	• Gearing levels are well below our Peer Group of JSE-listed Property Funds. • Staying true to our strategic framework and intent. • Unlocking opportunities only where there is real uplift within the exciting portfolio. • Increase investment in green energy. • Nurture good relationships with current and future tenant bases. • Headline earnings have remained consistent with the prior year during COVID 19.	↔↔↔	⬆
2 ADMINISTERED COST	• Aggressive increase in municipal costs, especially rates. • Cost of occupancy could become uncontrollable with more financial pressure on landlords and tenants. • Landlord's inability to pass on additional costs, diluting net operating income and ultimately property values.	• Lodging objections to against increased rates and valuation tariffs. • Revisiting tenant mix and assisting tenants where financially possible to reduce their cost of occupancy. • Investigating and reviewing the effectiveness of our operational model to make it more efficient and robust.	⬆	⬇
3 RESET OF RENTAL BASE	• COVID-19 and the resulting lockdown periods created additional pressures on a retail sector already under pressure with negative rental reversions. • An inability to grow revenue together with unpalatable escalation of expenses, creates a negative jaws affect. • Fundamentals are further under pressure with vacancies taking longer to fill, thereby destroying value. • Breaching of financial covenants during these turbulent times becomes a higher risk.	• 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. • Reposition tenant mix strategically within all malls. • Increase investment in green initiatives to reduce cost over time and have an uplift in net operating income. • Debt facilities are well within guidance from the board and as a result well within the financial covenants required by our bankers.	↔↔↔	↔↔↔
4 DIVERSIFICATION	• Current portfolio is substantially weighted towards the retail sector. • E-commerce has been identified as an up and coming disruptor towards traditional retail, requiring investment in other areas . • Portfolio concentration in SA has motivated a global investment investigation, and more specifically investment in Eastern Europe.	• A new strategy was formulated where we investigate applying a portfolio tilt approach towards other sectors. • Mixed-use developments will provide us such an opportunity within key metropolitan nodes. • Further investigation to expand into warehousing and distribution offerings complementary to the e-commerce business offering. • Investing in Eastern Europe with the first retail development in Cyprus now opening in 2021 and investigating further opportunities.	↔↔↔	⬆
5 LIQUIDITY	• Ability to raise capital in the market is difficult as a result of market confidence and liquidity constraints within the property industry. • Non-investment grade status of SA resulted in large capital outflows by asset management companies not allowed to invest in non-investment grade destinations. • Inward focus from banks as a result of lockdown and COVID-19 pandemic, leading to larger scale uncertainty and lowered appetite to lend money. • High volatility on the JSE resulted in the real estate sector losing substantial value.	• South African Reserve Bank reduced the repo rate in prior calendar year with the prime rate currently at 7%. • Current gearing levels allow us to access potential large headroom facilities when required at reasonable interest rates. • No risk of asset managers or other fund managers impacting us negatively, as we have no exposure to them. • Volatility on the JSE does not impact us as severely as a result of our current shareholding spread and diversification into Cyprus/Europe.	⬆	↔↔↔

Corporate governance report

The Board of directors

Mr D Green and Mr N Bila retired from the board of directors at the last Annual General Meeting of the company. Given the unpredictable environment and expected loss of revenues caused by COVID-19, Acsion Limited decided not to replace these directors, but to reallocate their duties to the remaining non-executive directors to reduce costs. Hence, the board was reduced to five members comprising three non-executive directors and two executive directors, being the managing director and the financial director. Mr Thabani Jali was appointed in the stead of Mr. David Green as the non-executive chairman of the board. The three non-executive directors were all appointed to serve as members of all the board committees, it being understood that once the COVID-19 crisis and its revenue and cost impact was controlled, additional board members would be appointed for core roles in the board committees. The directors’ and company secretary’s education and experience are detailed elsewhere in this report and reflect the fact that their accumulated experience contributed to the company and group span the legal, financial, engineering, medical, human resources, built environment, commercial and academic spheres. The board also has substantive corporate oversight experience and is adjudged to be 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,as amended, and the JSE listings requirements, the King Code of Corporate Governance (King IV) and stakeholder expectations.

The executive directors are Mr. Kiriakos Anastasiadis (managing director) and Ms. Sandarie le Roux (financial director). The non-executive directors are Mr. Thabani Jali (chairman, and remuneration and nominations committee chair), Mrs. Modi Hlobo (audit committee chair) and Dr David Sekete (social and ethics committee chair). The nominations committee has not been required to perform any functions in the last year.

The investment committee has not been convened during the year under review, largely as a result of the impact of Covid 19 on investment. Its members comprise the executive directors, Dr David Sekete and the chief investment officer, Astrino Nicoloudakis. The other key executives recognised as prescribed officers participate in this committee’s deliberations when needed.

The Board Committees

The board’s committees comprise an Audit Committee, a

Remuneration Committee, a Nominations Committee, a Social and Ethics Committee and an Investment Committee.

The directors of the main subsidiary which manages the group are invited to attend all committee meetings, subject to exclusion from decision making when appropriate. The executives attend all audit committee meetings to ensure full information disclosure, interaction between policy formulators and framers and feedback.

The external auditors are invited to all Audit Committee meetings to ensure they have full information access, particularly insofar as the control and risk environments are concerned.

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 and participates, where appropriate, in discussions at these meetings and ensures minutes are taken, reviewed by all directors and are signed.

The Executive

Business management is entrusted to the executive directors of Southern Palace Investments 108 Proprietary Limited, generally known as Anaprop. As mentioned before, these subsidiary directors 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. In the current year, these executives, Tony Kyriazis, Demitris Thomas, Astrino Nicoloudakis and Yanni Anastasiadis, have been recognised as prescribed officers.

The aforementioned executive directors include people with academic qualifications and extensive experience in finance, accounting, electrical and civil engineering and construction and property management.

The business management team also includes key managers in leasing, human resources, property development over and above the subsidiary directors referred to above.

The Guidelines

All the committees have adopted charters and policies and direct their activities to meet the goals and objectives set out in the said documents.

Committee	Purpose and ancillary functions
Audit and Risk Committee	Compiles the accountability and report monitoring protocols; Assesses and monitors corporate risk, advises on risk minimisation policies and assesses policy implementation; Ensures reporting enables informed assessment of performance in the short, medium and long term; Manages risk governance so as to support the executives in setting and achieving strategic objectives; Manages risks by ensuring they are identified and managed; Makes certain that information technology is used as a driver of strategic objective achievement, performance measurement and risk management; Governs data produced by information technology to protect the data and its integrity and to ensure privacy laws and norms are enforced and respected; Monitors compliance with laws, rules, societal codes and standards required to be a good corporate citizen; Monitors and ensures all external reporting complies with International Financial Reporting Standards (IFRS); Monitors and ensure all JSE listings requirements are adhered to in terms in terms of reporting; 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; Decides on, and recommends to the board, the appointment of the external auditors and the terms and conditions attendant thereto and approves any non-assurance services furnished by the external auditors or their related parties; Decides on, and recommends to the board, the appointment of the internal auditors and the terms and conditions attendant thereto and approves any non-assurance services furnished by the internal auditors or their related parties; Reviews the efficacy of the finance and accounting team; Assess the key audit matters; Reviews and approves the annual financial statements and integrated report and all reporting required in terms of the JSE listings requirements and recommends their approval to the board of directors; Monitors solvency and liquidity on a regular basis and also at specific key reporting dates; Recommends and monitors remedial action with regard to any risk, financial and control deficiencies; Ensures all related party transactions are appropriately managed and vetted in accordance with law, regulations and best practice including King IV standards; Approves the delegation of authority policy and implementation;

Corporate governance report (continued)

Committee	Purpose and ancillary functions
Remuneration Committee	Recommends the remuneration of executives, prescribed officers, and all directors to the Board of directors; Recommends the remuneration policies and standards for all employees at aggregate level; Recommends the remuneration policies and standards for group employees employed in foreign countries; Reports on remuneration policies and implementation in terms of King IV, the Companies Act, International Financial Reporting Standards (IFRS) and the JSE governance rules; The remuneration policy and implementation report is available for viewing on the website www.acsionsa.co.za/corporategovernance.htm
Social and Ethics Committee	Establishes group ethics, integrity and supporting policies and monitors implementation thereof; Institutes fairness and transparency protocols; Decides on the key components of the group’s corporate citizenship and designs; 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 as well as to ensure that no single director has an excess of or unfettered power; 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; Establishes and monitors black economic empowerment (BEE) practices and progress and oversees its scorecard implementation and score card reporting; The group’s black economic empowerment scorecard is available for viewing on the website: www.acsionsa.co.za/BEE.htm Establishes and monitors gender diversity practices and progress and oversees its implementation and reporting; Establishes and implements corporate and social responsibility programs including bursaries for staff and their dependants, tertiary, secondary and primary school programs for outreach programs; Drives all governance issues at AcSION; The social and ethics committee report is available for viewing on the website www.acsionsa.co.za/corporategovernance.htm
Investment Committee	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; Recommends investment in or declines executive recommendation to invest or disinvest;
Nominations Committee	Selects the core competencies and responsibilities of the executive directors; Recommends the appointment of directors required to ensure the board has an appropriate ‘spread’ of skills, experience, gender diversity as set out in terms of Section 3.84 (k) of the JSE listings requirements (including a minimum of 40% female representation) and independence required to discharge its duties and responsibilities;

Committee	Purpose and ancillary functions
Board of Directors	Obtains an understanding of and directs strategy development, management policy, financial and business performance models; Approves senior management appointments and delegates duties and responsibilities to them so as to ensure they have appropriate role clarity and authority; Evaluates both executive and non-executive director and collective board performance using appropriate tools to do so and explores potential improvements; Monitors financial performance and stakeholder criteria achievement and explains and reports on digression from the goals of shareholders and other stakeholders; Monitors and controls all board committee activities;

Board and Board Committee Composition

Description	Chairman	Other committee members	Performance assessment committed to writing	Annualised remuneration at present
Board of directors	Thabani Jali	Modi Hlobo David Sekete Kiriakos Anastasiadis Sandarie le Roux	Yes	Chairman R220 500 Non-executive directors R220 500 Managing director R2 900 000 Financial director R1 323 000
Audit and Risk Committee	Modi Hlobo	Thabani Jali David Sekete	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	Yes	Included in director pay
Nominations Committee	Thabani Jali	All independent directors	Yes	Included in director pay

Report on Committee and Board of Directors’ Performance

The Board of directors is satisfied with the performance of the Board committees when measured against their goals and purposes.

In accordance with paragraph 16.20 (g) of the JSE Listings requirements, the Board of Directors confirms that its board representation of its black South African directors has reached 66.67%. Its compliance with the BEE codes has been actively pursued during the year under review by its chief operating officer, Tony Kyriazis and its human resources manager,

Nomfundo Khumalo. The group’s BBEEE scorecard is available for inspection on the Company’s website (www.acsionsa.co.za) and comparison with the previous BBEEE scorecard will demonstrate progress made.

An assessment of individual director performance was commenced in June 2021 using assessment tools which are derived from and align with those available from the Institute of Directors. The assessment process is expected to be completed in July 2021.

Corporate governance report (continued)

Board committee and Board meeting attendance record

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
Note: Total means total after appointment										
Thabani Jali	4	4	3	3	2	2			4	4
David Sekete			3	3	2	2	–	–	4	4
Kiriakos Anastasiadis					2	2	–	–	4	4
Sandarie le Roux									4	4
Modi Hlobo	4	4	3	3					4	4

There were no nominations committee meetings during the year.

Company secretary

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

All directors have unfettered and direct access to the group secretary for such purposes as they may deem necessary and likewise have the same access to all documentation and employees as they deem fit to perform their duties in complete compliance with all applicable laws and regulations.

King IV compliance

Acsion is 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 social and ethics committee has been tasked with drafting a broad diversity policy which includes not only gender and race diversity, but also cultural, age, field of knowledge and skills and experience diversity for adoption by the board in the 2022 financial year.

At the company's last Annual General Meeting the vote in favour of remuneration policy was 96.45% and vote in favour of remuneration policy implementation was 96.33%. Given these votes, no engagement between the directors and shareholders was required in terms of 3.84 (k) of the JSE listings requirements and none took place.

The board has assessed that both it and its committees have complied with their purposes and ancillary functions set out above and that these purposes and ancillary functions enable the board to confirm that Acsion Limited has complied with King IV corporate governance recommendations save and except as indicated in the audit and risk committee report.

The Group’s King IV compliance register is available on the web-site at <https://www.acsionsa.co.za/corporategovernance>

Michael Reynolds

B Com, B Com Hons, CA (SA), RA (SA), BA (Sociology),
C IFRS MDPB-BBEE
Company secretary



Board of directors



Chief Executive Officer
PR ENG MSc Eng (Structural)

Kiriakos started the first development that forms part of the Group, now known as Acsion, approximately 23 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 (68)



Independent non-executive director
BSc, MBChB, MSc Med
Chairman: Social and Ethics Committee

David is a Medical Practitioner with 35 years’ experience in this field. He has held various directorships over the past 12 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 (67)



Independent non-executive Chairman
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 (62)



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. Modi is a qualified chartered accountant registered with the South African Institute of Chartered Accountants.

MRS MODI HLOBO (45)



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

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

MS SANDARIE LE ROUX (47)



Group secretary
BCom Honours, CA(SA) BA C.IFRS, RA (SA)

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 17 years.

MR MICHAEL REYNOLDS (60)

The board consists of five members, two of whom are executive directors, with the remaining three 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.

The Board has three members in their sixties and two members in their forties. Reference to the diverse experience of the members can be assessed with reference to the CV's discussed on this page.

BOARD ATTENDANCE
FOR 2021
100%

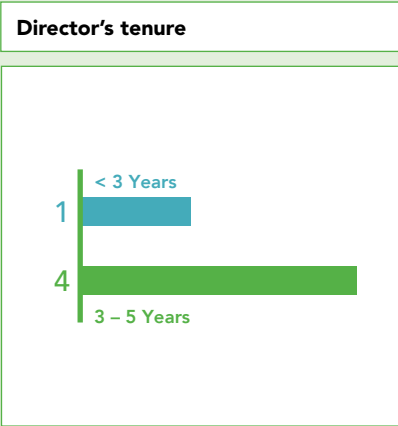
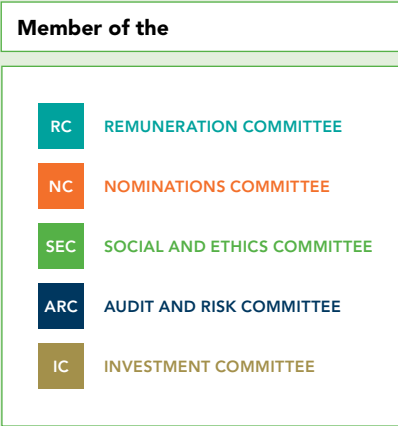
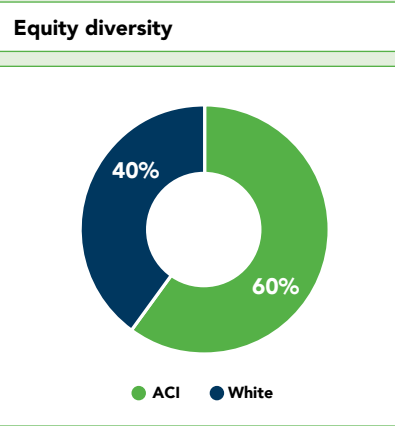
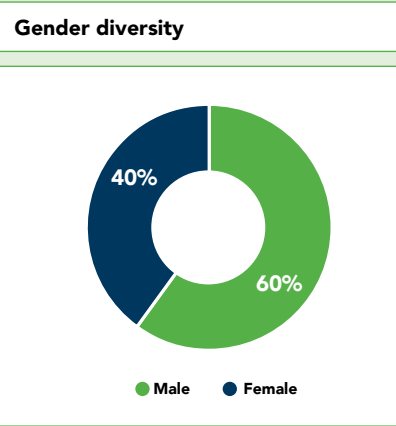
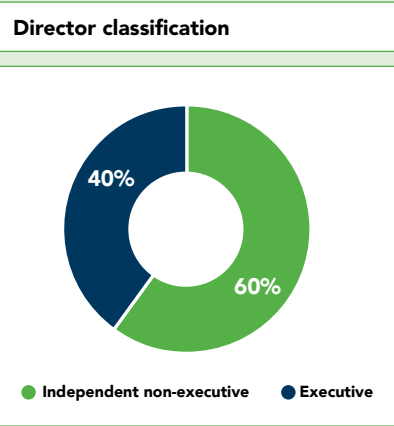


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EXPLORE

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

Audit and risk committee report
for the year ended 28 February 2021

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

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

One of the key roles of the Committee is to ensure that systems and processes are in place to ensure that assets and liabilities are recorded accurately and fairly in accordance with International Financial Reporting Standards (“IFRS”). The Group has implemented an internal control framework, an internal control function, regular interaction with the external auditor and regular reporting on current results 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.

During the 2021 financial year, the Audit Committee has consistently raised concerns on the deficiencies in the financial controls and financial reporting procedures and Acsion is working hard on strengthening the financial reporting function.

The Committee has recommended to the Board the approval of the Annual Financial Statements for the year ended 29 February 2021.

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

Role of the committee

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

- reviewing legal and regulatory requirements and adherence there to;
- 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;
- assessing 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 of 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	Age	Qualification	Status	Attendance
Modi Hlobo	46	CA(SA); Masters in Finance	Independent non-executive director	4/4
David Sekete	67	BSc, MBChB, MScMed	Independent non-executive director	4/4
Thabani Jali	62	BA, LLB, LLM	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 2020/2021 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 program	Reviewed the related disclosures in the Annual Financial Statements
Considered risk matrices 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 2020/2021 financial year	Considered capital management and gearing ratios
Considered risk management reports on risk management activities and improvement of the residual risk ratings	Considered and approved the audit approach and scope of audit work to be undertaken by the external auditor and the external auditor’s compliance with International Standards on Auditing	Reviewed and approved disclosures in the Integrated Report in relation to controls, principal risks and uncertainties and the work of the Committee
Assessed the effectiveness of the Group’s internal control environment	Considered the independence of the external auditor and their effectiveness as well as considered and approved the audit fees proposed	Considered whether the Chief Financial Officer has appropriate qualifications and experience in the property industry
Considered the Group’s regulatory compliance requirements		
Reviewed and recommended for approval the improvement of the risk management policy and framework		

Audit and risk committee report continued

for the year ended 28 February 2021

Significant matters identified and considered by the committee

After discussions with management and the external auditor, the Committee reviewed key audit matters and primary risks of misstatements of the Group's financial statements arising from:

- valuation of Acsiopolis;
- valuation of Mall@Larnaca;
- valuation of other investment properties;
- impairment assessment of the intangible for the Mall@Maputo;
- potential impairment of goodwill;
- Bengavista classification; and
- JSE monitoring report

The matters were discussed continuously during the year and accounting treatments agreed with management, the internal auditors and the external auditor. The Board is satisfied that the final presentation of results includes all conclusions arising from deliberations of these matters.

Valuation of Acsiopolis and Mall@Larnaca

The Audit and Risk Committee assigned an Independent Property Valuation expert to value the Acsiopolis mixed use property investment as well as the Mall@Larnaca. The Audit Committee satisfied itself with the expert's competency, qualifications 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 Ascion's independent expert were acceptable being within their valuation range. The Audit Committee has recommended that in the 2022 financial year, the valuer should be rotated and that a Cypriot valuer should be used for Mall @ Larnanca

Valuation of investment properties

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

The external auditor made use of their own expert for a selection of properties to evaluate the Directors' and their valuers 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

During the current financial year the entire value of Mall @Maputo was written off with retrospective effect.

Impairment of goodwill

Goodwill arose as a result of acquisitions by the Group. It is annually assessed for impairment. The Committee considered that the assumptions, judgements and disclosures are appropriate and that no goodwill impairment is required during the 2021 financial year. Refer to note 7 of the Annual Financial Statements regarding goodwill.

Bengavista Classification

During the year, the upmarket residential property at Hyde Park Terrance, previously treated as investment property was transferred to inventories due to management's intention to sell the residential units.

JSE Monitoring report

During the 2021 financial year, Ascion was monitored by the JSE and in their closing letter the JSE requested Ascion to adjust its interim and financial results with some of their recommendations. Furthermore, the audit committee was requested to:

- consider the expertise and experience of the financial director (par 3.84(g)(i));
- ensure that the issuer has established appropriate financial reporting procedures; and
- that those procedures are operating (par 3.84(g)(iii)); and
- consider any deficiencies in financial controls reported to the committee by the CEO and CFO (par 3.84(k));
- ensure the CEO and financial director must attest to the fact that internal financial controls have been put in place and that they are adequate and effective and can be relied upon (par 3.84(k)).

Upon guidance from the Audit and Risk Committee from the end of the 2020 financial year, measures have been taken by management to strengthen the financial reporting controls and the procedures of the Group.

Pursuant to the JSE monitoring panel review the Company engaged an independent IFRS expert to guide the financial team in its reporting when required.

The Committee is also satisfied that the rotation of external auditors has resulted in enhanced reporting by bringing a "fresh pair of eyes" to its results and reporting.

This notwithstanding, the Committee confirms that it is satisfied with the experience and expertise of the financial director. It is also satisfied that appropriate financial reporting procedures are in place and that these procedures are operational at both the Company and at its subsidiaries.

Annual Financial Statements

The Committee is satisfied that the Annual Financial Statements appropriately address these critical judgements and key estimates pertaining to the above matters regarding 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 30 June 2022 and the current financial position. The consolidated and separate Annual Financial Statements have been prepared on the going concern basis. Regarding the liquidity position of the company, during the financial year, the company's current liabilities exceeded current assets. and its major borrowing facilities at or shortly after year-end. These liquidity issues were resolved by securing new borrowings which, when considered in conjunction with continued good revenue flows forecast for the next twelve months, reflect the company has adequate cash resources to operate as a going concern and to fund its current developments in progress. A new facility of approximately R963 million has been secured over Golden Falls 125 Proprietary Limited (a subsidiary within the Group) to replace the expiring facility.

Internal audit

Ascion 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

RSM has been appointed as the external auditor of Ascion and its subsidiaries, in terms of JSE Listing Requirements 3.84 (g). RSM are the auditors for the first time in 2021 and the engagement partner on the audit is Gary Parker. It is the policy of the Group that any non-audit services are approved by the Committee. RSM did not provide any non-audit service during the year under review.

The audit committee is satisfied with the audit services provided by RSM for the year 2020/2021. The auditor's remuneration for the year ended 29 February 2021 amounted to R1.6 million.

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

Internal controls

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

Audit and risk committee report continued

for the year ended 28 February 2021

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.

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. Due to capacity constraints in the finance team risk management reporting has not always been consistent. However, a risk officer has been appointed after yea-end and this remedial action should ensure that this function is consistently exercised in the current year.

 Material risks relating to the Group are available at <https://www.acsion.co.za/> under the "Investor Centre". 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

Directors' responsibilities and approval

for the year ended 28 February 2021

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

The consolidated and separate Annual Financial Statements are prepared in accordance with IFRS and the South African Institute of Chartered Accountants ("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 in terms of 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 satisfied that the Company has complied with the provisions of the Companies Act, relating to its incorporation and is operating in conformity with its memorandum of incorporation.

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

The directors have reviewed the Group and Company’s cash flow forecast for the period to 30 June 2022 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 52 to 114.

The consolidated and separate Annual Financial Statements set out on pages 47 to 120, which have been prepared on the going concern basis, were approved by the board on 30 June 2021 and were signed on their behalf by:

Approval of financial statements

Authorised director



TSB Jali
Chairman

Wednesday, 30 June 2021

Authorised director



K Anastasiadis
Chief Executive Officer

Chief executive officer and financial director's responsibility statement

for the year ended 28 February 2021

The directors, whose names are stated below, hereby confirm that:



- (a) the annual financial statements set out on pages 47 to 120, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

K Anastasiadis
Chief Executive Officer

S le Roux
Financial Director

Group secretary's confirmation

for the year ended 28 February 2021

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 South African 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
B.Com, B.Com Hons, CA (SA) RA (SA) BA (Sociology)
Group company secretary

Centurion
25 June 2021

Independent auditor's report
for the year ended 28 February 2021

To the Shareholders of AcSION Limited

Opinion



We have audited the consolidated and separate financial statements of AcSION Limited and its subsidiaries ("the Company" and "the Group", respectively) set out on pages 52 to 114, which comprise the consolidated and separate statements of financial position as at 28 February 2021, 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 accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and Company as of 28 February 2021, 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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter	How our audit addressed the key audit matter
1. Prior period error restatements	
The consolidated and separate financial statements of AcSION Limited as at and for the years ended 29 February 2020 and 28 February 2019, excluding the adjustments described in note 38 to the consolidated and separate financial statements, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 29 May 2019 and 28 May 2020, respectively.	Our audit procedures included the following:
As part of our audit of the consolidated and separate financial statements as at and for the year ended 28 February 2021, we audited the adjustments described in note 38 that were applied to restate the comparative information presented as at and for the years ended 29 February 2020 and 28 February 2019. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 29 February 2020 and 28 February 2019, other than with respect to the adjustments described under note 38 to the consolidated and statements. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole for the respective periods.	- We critically assessed management's judgements and representations made with regards to the prior period error restatements. - We assessed the appropriateness of the accounting treatment relating to the prior period error restatements in determining whether the transaction was accounted for in accordance with the requirements of IFRS.
For the purpose of the audit, we identified prior period error restatements as disclosed under note 38 as a key audit matter due to the materiality and significant judgements involved in the restatements.	We concluded that the prior period error restatements were appropriate and furthermore, adequately disclosed in the consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
2. Investment property – Completed developments	
The Group's investment property comprised completed developments and developments under construction.	Our audit procedures included the following:
As disclosed in note 6, completed developments amounted to R6 billion (2020 R6.2 billion) and the fair value adjustment recorded in profit for the year was an impairment of R123 million (2020 revaluation R259 million).	- We assessed the competence, capabilities and objectivity of the independent external valuers and verified their qualifications. Engagements were furthermore held with the external valuers so as to confirm that there were no impediments to their independence and objectivity with no scope limitations being imposed upon them. - We evaluated the skills and experience of the directors and prescribed officers with respect to property valuation by assessing their competence, capabilities, and objectivity through meetings, inspection of their qualifications and consideration of their experience in the field. - For all investment properties, we assessed the significant assumptions including the discount, capitalisation and exit capitalisation rates against benchmarks as presented by November 2020 South African Property Owners Association (SAPOA) published figures, commentary from the auditor appointed expert and through engagement with both the directors and independent property valuers. - We relied on work performed by independent experts to evaluate a selection of valuations performed by the directors' independent external valuers and the directors themselves. We, and our independent experts, paid particular attention to the valuation models used, the inputs into those models, and the significant assumptions applied. - We assessed the reasonableness of the cash flows used in arriving at the fair value of the investment properties for the period concerned.
The key inputs and assumptions applied in the fair value computations for each property vary based on location of the properties, nature of and use of the respective properties. The valuation of investment properties is dependent on assumptions and judgements, such as:	- Discount rates; - Vacancy rates; - Revenue and expenditure escalation rates; and - Capitalisation and exit capitalisation rates.
The most significant assumptions relate to the discount, capitalisation and exit capitalisation rates applied, the amendment of which will significantly affect the valuation of the investment property.	We assessed the respective valuation approaches used by the independent valuers and directors considered if they complied with IFRS and were consistent with industry norms.
The Group uses external valuers to determine the fair values for a selection of properties on an annual basis. The properties are valued externally on a three-year cycle, while the remaining properties are valued internally by the directors and prescribed officers.	We assessed the sensitivity analyses that were performed 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.
For the purpose of the audit, we identified investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the level of judgement and estimation uncertainty associated in determining the fair value.	We concluded that the investment property disclosures, valuation models, assumptions, and input information were appropriate and no material deviations were identified.
3. Investment property – AcSIopolis development	
As disclosed in note 6 to the Financial Statements, The AcSIopolis development is carried at an amount of R1.3 billion (2020: R1.7 billion), and the fair value adjustment recorded in net profit for the year in respect of investment property recognised a devaluation of R699 million (2020: devaluation of R4.5 million).	Our audit procedures included the following:
This is the first property development for the Group that will include a hotel, residential units, and retail, as opposed to only retail. AcSIopolis has been designed as a 20-storey mixed use development which is situated in Sandton, South Africa. This development represents the largest single-phase development the Group has undertaken to date. Consistent with prior year, the hotel portion has been classified as property, plant and equipment as it will be used within the Group.	- We assessed the competence, capabilities and objectivity of the independent external valuer and verified their qualifications. We also engaged with the external valuer so as to confirm that there were no impediments to their independence and objectivity with no scope limitations being imposed upon them. - We investigated and assessed the appropriateness of the changes in assumptions from those applied in the prior period valuations. - We assessed the appropriateness of the application of the highest and best use model in the valuation that was performed and considered its compliance with IFRS 13.

Independent auditor's report continued
for the year ended 28 February 2021

Key audit matter	How our audit addressed the key audit matter
3. Investment property – Acsiopolis development (continued)	
For the purpose of the audit, we identified the valuation of Acsiopolis as key audit matter the estimation uncertainty involved with determining the key inputs and assumptions. These inputs and assumptions are applied in the fair value computation for the development property, based on the highest and best use assessment as per IFRS 13, Fair value measurement. The most significant assumptions relate to the discount and capitalisation rates as well as the sales rate per square meter applied over the sectional title units less costs to complete. The amendment to any of the key assumptions will significantly affect the valuation of the development property.	• We critically assessed the assumptions used by the external valuator, especially in terms of the sales rate per square metre that was applied to the hotel and residential units, coupled with the discount and capitalisation rates. • We compared the costs to complete as presented by the external valuation expert to the quantity surveyor report as at year end. • We engaged our own independent expert to evaluate the valuation performed. • We assessed the sensitivity analysis relating to the significant assumptions to evaluate the extent of the impact on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities. We concluded that the investment property disclosure, valuation models, assumptions, and input information were appropriate.
4. Investment property – Larnaca development	
As disclosed in note 6 to the Financial Statements the Larnaca development is carried at an amount of R1.446 billion (2020: R550.1 million) and the fair value adjustment recognised in net profit for the year in respect of investment property was R520.1 million (2020: R48.1 million). Larnaca is currently under construction and will operate as a retail mall in Cyprus. This is the first international property development for the Group. The Group uses an independent external valuer to annually determine the fair value for the property. For the purpose of the audit, we identified the valuation of Larnaca as key audit matters due to the key inputs and assumptions that are applied in the fair value computation for the development property-based value in use calculations. The most significant assumptions relate to the discount, capitalisation rates and costs to complete. The amendment to any of the key assumptions will significantly affect the valuation of the development property.	Our audit procedures included the following: • We assessed the competence, capabilities and objectivity of the independent external valuer and verified their qualifications. We also engaged with the external valuer so as to confirm that there were no impediments to their independence and objectivity with no scope limitations being imposed upon them. • We investigated and assessed the appropriateness of the changes in assumptions from those applied in the prior period valuations. • We critically assessed the assumptions used by the external valuator, coupled with the discount and capitalisation rates. • We assessed the appropriateness of the long-term lease over land in relation to the valuation of the property. • We engaged our own independent expert to evaluate the valuation performed. • We assessed the sensitivity analysis relating to the significant assumptions to evaluate the extent of the impact on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities. We concluded that the investment property disclosure, valuation models, assumptions, and input information were appropriate.
5. Impairment assessment – Intangible asset relating to the Mall@Maputo	
As disclosed in notes 8 and 38, an intangible asset of R200 million has been fully impaired in a prior period. The intangible development project asset relates to an undertaking to develop parcels of land in the city of Maputo, Mozambique which arose upon the formation of the Group. Subsequent to the recognition of the intangible asset, a Memorandum of Understanding (MOU) was entered into with the Mozambican government. however, to date no formalised contract has been signed, neither has any form of construction commenced. This resulted in significant uncertainty relating to the carrying value of the asset and the need for impairment.	Our audit procedures included the following: • We engaged with the directors with regards to their intention to continue with the project. • We assessed the legal enforceability of the MOU with assistance of an independent legal expert. • We considered performance obligations and concluded that no performance obligations required by the parties as presented in the MOU had been met during the course of the current or prior financial periods. • We assessed the models used by the directors to calculate the value in use and concluded that it was substantially in compliance with IAS 36.

Key audit matter	How our audit addressed the key audit matter
5. Impairment assessment – Intangible asset relating to the Mall@Maputo	
IAS36 – Impairment of assets, requires that an entity assesses at the end of each reporting period whether there is any indication that an asset may be impaired. Because this assessment was complex and subject to significant judgement, we identified the intangible asset balance as disclosed under note 8 as a key audit matter.	• We assessed the appropriateness of inputs and assumptions used by the directors in applying the value in use model. • We assessed, based on the impairment assessment in the current period, coupled with discussions with management, if the impairment occurred in a prior period. Based on information provided by management, management's appointed valuation expert and review of the model, we concurred with management's treatment as an error in prior periods. We concluded that the intangible development project asset was correctly disclosed for both the current and prior periods based on management's assessment as disclosed per notes 8 and 38 of the consolidated financial statements.
6. Impairment assessment – Intangible asset relating to Acsiopolis	
At listing, in 2015 the Group purchased the entire shareholding of Lomastep Proprietary Limited (Acsiopolis development) for R209.8 million. At that point in time, an intangible asset of R171 million was recognised, representing the amount in excess of the fair value of the acquired land. An intangible asset therefore arose because of the difference between the cost that could be attributed to the land and the purchase price. The intangible asset was subsequently amortised based on the stage of completion of the Acsiopolis development during the course of construction as at each relevant year-end. The balance of the intangible asset as of 28 February 2019 was R33 million. As the property was carried at fair value in the subsidiary company, the additional intangible asset held on consolidation had the effect of overstating the consolidated carrying value by R33 million as at 28 February 2019 and 2020. For the purpose of the audit, we identified the intangible asset balance to be a key audit matter due to the balance being significant to the consolidated carrying value of the Acsiopolis development.	Our audit procedures included the following: • We assessed the accuracy of the measurement of the fair value of the underlying development as at year-end (refer to key audit matter point 3). • We assessed the appropriateness of prior year's accounting treatment in terms IAS 38, Intangible Assets, which included the amortisation thereof. We concluded that the intangible asset was fairly presented for both the current and prior periods, based on management's assessment as disclosed per notes 8 and 38 of the consolidated financial statements.

Independent auditor's report continued
for the year ended 28 February 2021

Key audit matter	How our audit addressed the key audit matter
7. Goodwill As disclosed in note 7, the carrying value of goodwill amounts to R625.5 million (2020: R625.5 million). Goodwill originated on the formation of the Acsion Limited Group and represents a premium paid in relation to the acquisition of Southern Palace Investments 108 Proprietary Limited trading as Anaprop Property Management. The premium was paid to internalise the property management and asset management functions within the Group. In terms of IAS 36 – Impairment of assets, goodwill should be assessed for impairment annually in order to establish whether it should be impaired. Fair value less costs to sell, as well as the value in use should be determined, and these values compared to the carrying value of the goodwill. The determination of the impairment is highly subjective as significant judgements are required by the directors in determining the appropriate cash generating unit (CGU), the future cash flows, and the growth and discount rates. Other variables implicit in the valuation of goodwill include: • Discount rate • The capital structure of the Company, as it affects the discount rate to be applied. • Expected long-term growth rates. • Contractual fee income and operational escalation rates. For the purpose of the audit, we identified the measurement of the intangible asset balance as disclosed under note 7 to be a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the judgements associated in performing the impairment assessment.	Our audit procedures included the following: • Critically evaluating the determination of the CGU, being Anaprop Property Management. We reviewed prior periods’ financial records and listing documents and determined that the CGU was Anaprop Property Management. • Evaluating whether the model used by management to calculate the value-in-use of the CGU complies with the requirements of IAS 36. • We evaluated the skills and experience of the directors and prescribed officers with respect to the impairment test by assessing their competence, capabilities, and objectivity through meetings, inspection of their qualifications and work experience. • Engaging our internal valuation specialist review on the development of the weighted average cost of capital rate that was applied in the impairment model. • We investigated and assessed the appropriateness of the assumptions applied and inputs used in the respective model. • We assessed the sensitivity analysis relating to the significant assumptions to evaluate the extent of the impact on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities. We concluded that the goodwill in note 7 of the consolidated financial statements is not impaired. It was concluded that the CGU was correctly identified.

Other matter

The consolidated and separate financial statements of Acsion Limited for the year ended 29 February 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 28 May 2020.

We draw attention to note 38 to the consolidated and separate financial statements which indicates that the comparative information presented as at and for the years ended 29 February 2020 and 28 February 2019 has been restated. Our opinion is not modified in respect of this matter. Refer to point 1, Key Audit Matter for further explanation on the nature of the adjustments.

Other Information

The directors are responsible for the other information. The other information comprises the directors’ report, the Audit and Risk Committee’s Report, Chief Executive Officer and Financial Director’s Responsibility Statement and the Company Secretary’s Certificate as required by the Companies Act of South Africa and additional information included in Annexure A and B in the annual report, 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 auditors’ report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors’ 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ 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 auditors’ 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 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 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 auditors’ 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 auditors’ report. However, future events or conditions may cause the Group 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 and separate 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.

Independent auditor's report continued

for the year ended 28 February 2021

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 auditors’ 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 04 December 2015, we report that RSM South Africa Inc. has been the auditor of Acsion Limited for one year.

RSM South Africa Inc.

RSM South Africa Inc.

Gary Parker
Chartered Accountants (SA)
Registered Auditor
Director

Date

Executive City
Cnr. Cross Street and Charmaine Avenue
President Ridge
Randburg 2125

Directors' report

for the year ended 28 February 2021

The Directors have pleasure in submitting their report on the consolidated and separate Annual Financial Statements of Acsion Limited and the Group for the year ended 28 February 2021.

1. Nature of business

Acsion Limited is an investment entity incorporated in South Africa with interests in the property holding and development industry. The Company does not trade, except as an investment company, and all of its real estate activities are undertaken through its principal subsidiaries, associates and joint arrangements. The Group operates in South Africa as well as 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 IFRS and the South African Institute of Chartered Accountants “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 increased from R687 million in 2020 to R697 million in 2021. This increase of 1.45% (2020: 5.1%) was well below expectations as a result of rental rate decreases and the trimming of escalations attributable to the effects of COVID-19 on tenant operations. Vacancy rates also increased as a result of COVID-19 and a deteriorating economy.

Operating expenses increased by 16.4% (2020: 33%), of which R84 million related to an impairment loss on revaluation recognised for the owner occupied hotel. Ignoring the impact of the impairment, management was successful in its efforts to curtail expenditure in an environment where the impact of COVID-19 was very relevant. This included negotiating with suppliers for discounted fees during lockdown periods. Expenditure reduction achieved also included reduced employment costs. However government stepped in with the TERS program to mitigate the impact of COVID-19 on the Group’s employees. Rates and taxes increasing above inflation, increased utility charges and higher depreciation charges continued to impact negatively on cost management, but the percentage impact is much lower than in the prior year as very substantial increases were registered in the prior year, creating a higher base for current year changes to be measured against.

The reduction in finance costs of R19.1 million (2020: R2.1 million increase) is attributable to the sharply reduced interest rates following upon the cuts to the repo rate during the COVID-19 pandemic.

Headline earnings per share increased to 71.32 cents per share (2020: 65.61 cents per share) representing an 8.7% increase (2020: 8.5% decrease). This improvement is attributable to Rand value increases in costs being contained at levels well below Rand increases in revenue, viz. an improvement in operating margins.

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 R9 billion (2020: R8.7 billion). Total property under control of the Group therefore increased by 3.4% year on year (2020: 5.8%).

The intangible asset attributable to the Mall@Maputo has been substantially impaired due to continued delays in the commencement of the project. Notwithstanding this impairment, management continues to be optimistic about the project likely to be commenced when the worst effects of COVID-19 are past. Once developed, this impairment will be recovered which will feed into higher trading profits at the point the Mall@Maputo is opened.

Goodwill of R625.5 million (2020: R625.5 million) constitutes the premium paid by shareholders upon listing to acquire the cash generating unit of Anaprop (the CGU), housed in Southern Palace Investments 108 Proprietary Limited. Cash generation from the CGU’s property management and asset management activities has been sustained since listing and as a result the goodwill has not been impaired.

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 except for any further material changes resulting from COVID-19. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

Directors' report continued

for the year ended 28 February 2021

2. Review of financial results and activities

At 28 February 2021, current liabilities exceeded current assets for the Group due to the expiry of the main Group facility in February 2021. The facility was supplemented with new facilities secured over the Mall@Carnival held by Golden Falls Trading 125 Proprietary Limited agreed to in principle prior to year-end, the security for which were registered on 27 May 2021. Two Rand based facilities totalling R600 million have a 36 month maturity profile and a Euro facility of €20 000 000 has a 12 month maturity profile. The facilities are secured by a bond over the Mall@Carnival in the amount of R1.3 billion.

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

The directors are satisfied that the Group's aforementioned borrowing facilities and cash generation capacity are adequate to continue in operational existence for the next 12 months, having conducted a review of the Group's cash flow forecast for the 12 months ending 30 June 2022.

Net asset value (NAV) per share increased from 1 789.43 cents per share (restated) in the prior year to R1 795.40 (0.3%) in the current year.. In the prior year the NAV per share increased by 7.6%. NAV per share excluding deferred taxation for the year ended 28 February 2021 decreased by 0,1% (2020: 7.0% increase) from 2 167.54 cents (restated) in 2020 to 2 152.80 cents in 2021.

Net asset value is the selected measure for trading statement purposes.

3. Stated capital

	2021 R'000	2020 R'000	2021 Number of shares '000	2020 Number of shares '000
Authorised				
Ordinary no par value shares			10 000 000	10 000 000
Issued				
Ordinary no par value shares	3 979 956	3 979 956	393 383	393 383
Treasury shares	(12 738)	(12 341)	(96)	(25)
	3 967 218	3 967 615	393 287	393 358

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 Thursday, 6 August 2020, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 48 of the Companies Act of South Africa, 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 95 827 (2020: 25 000) shares were repurchased at an average price of R4.14 per share during the current year in terms of this authority, bringing the total treasury shares held to 1 698 020.

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 of South Africa. 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 Board decided not to propose a dividend considering the capital funding requirements for the development pipeline in the foreseeable future as well as the impact on solvency and liquidity.

No dividend was declared for the year ending 28 February 2021. No dividend was declared in the prior year either.

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. 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
K Anastasiadis	Chief Executive Officer	Executive	Greek
PD Sekete	Director – Social and Ethics Committee Chair	Non-executive Independent	South African
M Hlobo	Director – Audit and Risk Committee Chair	Non-executive Independent	South African
TSB Jali	Chairperson and Remuneration Committee Chair	Non-executive Independent	South African
S le Roux	Chief Financial Officer	Executive	South African
HN Bila	Director (retired)	Non-executive Independent	South African
DJ Green	Chairperson (retired)	Non-executive Independent	South African

DJ Green and HN Bila retired as directors at the AGM held on 6 August 2020.

9. Directors' interests in shares

As at 28 February 2021, the directors of the Company held direct and indirect beneficial interests in 75.79% of its issued ordinary shares, as set out below.

Interests in shares

	2021 Direct number of shares	2020 Direct number of shares	2021 Indirect number of shares	2020 Indirect number of shares
K Anastasiadis	16 634	7 621 372	298 305 067	290 867 136
PD Sekete	–	–	523 995	523 995
TSB Jali	–	–	500 694	500 694
	16 634	7 621 372	299 329 756	291 891 825

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

10. Directors' interests in contracts

Any substantial related party contracts entered into by the Group, are discussed and approved in principle at board level without attendance of the relevant related director. During the 2021 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. The Acsiopolis project is still in progress in the 2021 financial year and construction cost of approximately R286 million was incurred. Refer to note 30 in the Annual Financial Statements for further detail regarding 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 R648.4 million (2020: R303.0 million). Depreciation on plant and equipment of R32.3 million (2020: R53.9 million) was recorded for the year.

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 Thursday, 6 August 2020.

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 i.t.o section 46 and 48 of the Companies Act**
The special resolution was approved to enable the company and its subsidiaries 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 S41(1) of the Companies Act.

14. Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report except for settling the old facility with Standard Bank valued at R700 million and replacing it with a new facility providing approximately R600 million and Euro 20 million from the same bank.

Subsidiary dividends of R200 million have been declared to Acsion Limited during March 2021.

Subsequent to year-end 8 million Acsion shares were repurchased by one of the subsidiaries in the group at a price of R4 per share from the Papas Trust.

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 it will have access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and Company.

The directors are satisfied that the Group and Company have access to adequate resources to continue in operational existence for the next 12 months after a review of the Group's cash flow forecast for the 12 months ending 30 June 2022 and the current financial position. For the year ended 28 February 2021, the current liabilities exceed the current assets for the Group mostly due to the expiry of the main Group facility, currently secured over Proc Corp 160 Proprietary Limited, at the end of May 2021. A new facility of approximately R963 million has been secured over Golden Falls 125 Proprietary Limited (a subsidiary within the Group) to replace the expiring facility. Information on the terms and conditions of the facility as well as the assessment of Group liquidity is discussed in note 32.

On a Company level the current liabilities also exceed the current assets at 28 February 2021 and for that reason a letter of support has been obtained from Southern Palace Investments 108 Proprietary Limited, the management and local treasury company within the Group to ensure adequate holding company liquidity. Refer to note 11.

16. Litigation statement

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

In the current year, insurance claims in the region of R80 million were lodged with the Group insurers to claim for losses due to COVID-19 lockdowns. The outcome of these are unsure and therefore not been accounted for.

17. Auditors

RSM South Africa Inc. has been appointed as auditors of the Group for 2021.

18. Secretary

The company secretary is Mr Michael Reynolds of MWRK Accountants and Auditors Incorporated.

Business address: 19 Edward Street
Westdene
Benoni 1501

19. Registered office and postal address

Registered address: Anaprop Offices
Mall@Reds
Cnr Hendrik Verwoerd and
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Centurion
0157

Postal address: PO Box 569
Wierda Park
0149

Statement of financial position as at 28 February 2021

as at 28 February 2021

GROUP			COMPANY			
		2020	2019		2020	2019
	Note(s)	2021 R'000	R'000 Restated	2021 R'000	R'000 Restated	R'000 Restated
ASSETS						
Non-Current Assets						
Investment property	3	8 242 773	7 854 029	7 409 903	–	–
Property, plant and equipment	4	645 639	747 674	671 533	–	–
Operating lease asset	5	118 924	132 470	143 641	–	–
Goodwill	7	625 464	625 464	625 464	–	–
Intangible development project asset	8	165	165	165	–	–
Investments in subsidiaries	9	–	–	–	3 683 562	3 683 562
Investments in associates		–	–	1 541	–	–
Other financial assets	10	539	5 432	5 432	–	–
Deferred tax	17	3 415	2 032	1 745	–	–
		9 636 919	9 367 266	8 859 424	3 683 562	3 683 562
Current Assets						
Operating lease asset	5	25 097	23 279	13 144	–	–
Current tax receivable		1 124	2 213	2 504	194	194
Group company loans	11	–	–	1 699	325 232	483 613
Inventories	13	39 592	–	–	–	–
Trade and other receivables	14	60 814	26 220	72 010	4 560	4 582
Shareholder loans	12	–	4 053	4 053	–	–
Cash and cash equivalents	15	65 623	223 080	74 612	20 695	109
		192 250	278 845	168 022	350 681	488 498
Total Assets		9 829 169	9 646 111	9 027 446	4 034 243	4 172 060
Equity and Liabilities						
Equity						
Stated capital	16	3 967 218	3 967 615	3 968 078	3 979 956	3 979 956
Reserves		18 461	19 940	3 713	–	–
Retained income/ (Accumulated loss)		3 074 942	3 051 311	2 565 888	(441 897)	(373 508)
Equity Attributable to Equity Holders of Parent		7 060 621	7 038 866	6 537 679	3 605 821	3 606 448
Non-controlling interest	36	105 099	61 045	55 565	–	–
		7 165 720	7 099 911	6 593 244	3 605 821	3 606 448
Liabilities						
Non-Current Liabilities						
Deferred taxation	17	1 405 000	1 489 340	1 431 123	–	–
Other financial liabilities	18	28 969	48 928	630 004	–	560 573
Right-of-use lease liability	19	232 667	219 986	209 588	–	–
		1 666 636	1 758 254	2 270 715	–	560 573
Current Liabilities						
Shareholder loans	12	4 142	3 280	3 151	–	–
Other financial liabilities	18	689 147	583 732	23 453	407	–
Right-of-use lease liability	19	4 077	7 301	–	–	–
Provisions		6 564	4 529	3 767	–	–
Trade and other payables	20	264 670	186 020	128 270	1 110	4 940
Current tax payable		28 207	3 078	4 747	–	–
Group company loans	11	–	–	–	426 899	–
Dividend payable		6	6	99	6	99
		996 813	787 946	163 487	428 422	5 039
Total Liabilities		2 663 449	2 546 200	2 434 202	428 422	565 612
Total Equity and Liabilities		9 829 169	9 646 111	9 027 446	4 034 243	4 172 060

Statement of profit or loss and other comprehensive income

for the year ended 28 February 2021

GROUP			COMPANY	
		2020	2020	
	Note(s)	2021 R'000	R'000 Restated	2021 R'000 Restated
Revenue, excluding straight-line lease adjustment		709 039	688 007	8 639
Straight-line lease adjustment		(11 730)	(1 034)	–
Revenue from tenants and customers	21	697 309	686 973	8 639
Interest revenue	24	–	–	46 787
Other income	22	1 877	2 329	–
Expected credit loss allowance	14	(71 952)	(1 693)	–
Operating expenses		(327 655)	(296 431)	(9 605)
Finance costs	25	–	–	(46 448)
Operating profit/(loss)	23	299 579	391 178	(627)
Investment income	24	7 586	14 171	–
Finance costs	25	(38 405)	(63 765)	–
Foreign exchange gains		14 641	7 429	–
Fair value changes	3	(181 259)	304 606	–
Profit/(loss) before taxation		102 142	653 619	(627)
Taxation	26	(34 457)	(162 716)	–
Profit/(loss) for the year		67 685	490 903	(627)
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Losses attributable to owner occupied hotel property revaluations		(28 508)	(1 839)	–
Taxation attributable to revaluation changes		25 240	412	–
Total items that will not be reclassified to profit or loss		(3 268)	(1 427)	–
Items that may be reclassified to profit or loss:				
Foreign exchange gains from translation differences attributable to foreign operations		1 790	17 653	–
Other comprehensive income for the year net of taxation		(1 478)	16 226	–
Total comprehensive income/(loss) for the year		66 207	507 129	(627)
Profit/(loss) attributable to:				
Owners of the parent		23 631	485 423	(627)
Non-controlling interest		44 054	5 480	–
		67 685	490 903	(627)
Total comprehensive income/(loss) attributable to:				
Owners of the parent		22 153	501 649	(627)
Non-controlling interest		44 054	5 480	–
		66 207	507 129	(627)
Earnings per share				
Basic earnings per share (cents)	27	6,01	123,40	–
Diluted earnings per share (cents)	27	6,01	123,40	–

Statement of changes in equity
for the year ended 28 February 2021

	Stated capital	Treasury shares	Total share capital	Foreign currency translation reserve	Revaluation reserve	Retained income	Total attributable to equity holders of the group	Non-controlling interest	Total equity
GROUP (R'000)									
Balance at 1 March 2019 as previously reported	3 979 956	(11 878)	3 968 078	(982)	23 549	2 828 881	6 819 526	55 565	6 875 091
Prior year errors (Note 38)	–	–	–	–	(18 854)	(262 993)	(281 847)	–	(281 847)
Balance at 28 February 2019 restated	3 979 956	(11 878)	3 968 078	(982)	4 695	2 565 888	6 537 679	55 565	6 593 244
Profit for the year	–	–	–	–	(1 427)	485 423	483 996	5 480	489 476
Treasury share movements	–	(463)	(463)	–	–	–	(463)	–	(463)
Foreign currency translation	–	–	–	17 654	–	–	17 654	–	17 654
Balance at 28 February 2020 restated	3 979 956	(12 341)	3 967 615	16 671	3 268	3 051 311	7 038 865	61 045	7 099 910
Profit for the year	–	–	–	–	(3 268)	23 631	20 363	44 054	64 417
Treasury share movements	–	(397)	(397)	–	–	–	(397)	–	(397)
Foreign currency translation	–	–	–	1 790	–	–	1 790	–	1 790
Balance at 28 February 2021	3 979 956	(12 738)	3 967 218	18 461	–	3 074 942	7 060 621	105 099	7 165 720
Note(s)	16	16	16	Note 1	Note 2				
Note 1:	This reserve relates to the translation difference recognised in OCI for the translation of foreign operations into the presentation currency.								
Note 2:	The revaluation reserve represents the annual revaluation of the hotel less the deferred tax at the use rate.								

Figures in Rand thousand	Stated capital	Treasury shares	Total share capital	Foreign currency translation reserve	Revaluation reserve	Accumulated loss	Total attributable to equity holders of the company	Non-controlling interest	Total equity
COMPANY (R'000)									
Balance at 1 March 2019 as previously reported	3 979 956	–	3 979 956	–	–	(146 388)	3 833 568	–	3 833 568
Prior year error (Note 38)	–	–	–	–	–	(227 120)	(227 120)	–	(227 120)
Balance at 28 February 2019 restated	3 979 956	–	3 979 956	–	–	(373 508)	3 606 448	–	3 606 448
Loss for the year	–	–	–	–	–	(627)	(627)	–	(627)
Balance at 28 February 2020 restated	3 979 956	–	3 979 956	–	–	(374 133)	3 605 823	–	3 605 823
Loss for the year	–	–	–	–	–	(67 764)	(67 764)	–	(67 764)
Balance at 28 February 2021	3 979 956	–	3 979 956	–	–	(441 897)	3 538 059	–	3 538 059
Note(s)	16	16	16						

Statement of cash flows
for the year ended 28 February 2021

		GROUP		COMPANY	
	Note(s)	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash flows from operating activities					
Cash generated by/(used in) operations	28	504 703	533 304	(1 136)	(4 774)
Investment income received		14 753	12 974	(3 531)	46 787
Dividend received		–	1 199	–	–
Finance costs paid		(40 912)	(58 990)	(17)	(46 448)
Taxation paid	37	(71 776)	(106 034)	–	–
Net cash generated from/(used in) operating activities		406 768	382 453	(4 684)	(4 435)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(52 367)	(13 502)	–	–
Investment property development costs	3	(596 004)	(248 986)	–	–
Investment property sales	3	6 947	–	–	–
Insurance guarantee proceeds		–	55 857	–	–
Net cash used in investing activities		(641 424)	(206 631)	–	–
Cash flows from financing activities					
Treasury shares purchased	16	(397)	(180)	–	–
Financial liabilities raised		103 738	564 245	–	–
Financial liabilities repaid		(18 281)	(585 042)	(407)	(560 166)
Proceeds of loans from shareholders		–	–	(2 810)	–
Dividends paid		–	(93)	–	(93)
Finance lease payments – right-of-use liability		(6 824)	(4 778)	–	–
Associated company loans repaid		–	1 699	–	585 280
Net cash (used in)/from financing activities		78 236	(24 149)	(3 217)	25 021
Total cash movement for the year		(156 420)	151 673	(7 901)	20 586
Cash at the beginning of the year		223 080	74 612	20 695	109
Effect of exchange rate movement on cash balances		(1 037)	(3 205)	–	–
Total cash at end of the year	15	65 623	223 080	12 794	20 695

Accounting policies

for the year ended 28 February 2021

Corporate information

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

The consolidated and separate annual financial statements for the year ended 28 February 2021 were authorised for issue in accordance with a resolution of the directors on Wednesday, 28 June 2021.

1. Significant accounting policies

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

1.1 Statement of compliance

The consolidated and separate Annual Financial Statements for the year ended 28 February 2021, 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 South African Institute of Chartered Accountants ("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 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 and fair value bases. The usage of either cost or fair value is detailed in note 33 to the financial statements. 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 their 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 year.

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 and including 28 February 2021.

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 negative balance being recognised for non-controlling interests.

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 interests are measured at the proportionate share of the interest in the subsidiary's identifiable net assets at acquisition date and adjusted in the same proportion to the profit and losses for the period ended on each subsequent reporting date.

The difference between the fair value of consideration paid or received and the movement in non-controlling interests 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 at 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 interests 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 Investment in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. 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-company 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 and disclosure of contingent assets and liabilities. 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 management 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

Investment property fair value estimation

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

The fair values of the investment properties were determined partially by an independent external valuer and partially by the directors. Management is 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 detailing investment property for a summary of valuation techniques applied.

1. Significant accounting policies (continued)

1.5 Significant judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Right of use asset (judgement)

The land lease relating to the development in Cyprus is for a period of 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 intangible assets 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 income that will be earned and assumptions regarding the operating costs associated with the development with reference to the Group's existing developments. Discount rates are adjusted to compensate for risk associated with an uncompleted development. If the fair value of the development is lower than the carrying amount of the intangible asset, the intangible asset is impaired to the fair value estimate of the development and is accounted for in profit and loss. In the current year, the assets were fully impaired with retrospective effect.

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

Deferred tax rate change (judgement)

During the budget speech on 24 February 2021, the Minister of Finance proposed a reduction of the company tax rate to 27% for companies with years of assessment commencing on or after 1 April 2022. Based on a position taken by SAICA's Accounting Practices Committee (APC) it was concluded that due to a significant degree of uncertainty as to whether this would be substantively enacted in future, no changes would be made to historical deferred taxes raised and 28% was used for the 2021 financial year as the deferred tax rate.

Classification of investment property as inventory or property, plant and equipment (judgement)

Consistent with prior years, the hotel has continued to be classified as owner occupied in the Group accounts as it is the intention of the Group to use the hotel rather than to sell or rent.

During the current year, management's intention for the Hyde Park Terrace investment (housed in Bengavista) changed to sale. Consequently, this property is now treated as inventory.

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 re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.7 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 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 then expensed through the statement of profit or loss income 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 5-6 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 sale, 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.

Subsequent measurement

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

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises. For completed investment property the Group measures investment property at fair value at each reporting date.

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 reasonably be determined, a discounted cash flow valuation is performed.

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

1. Significant accounting policies (continued)

1.7 Investment property (continued)

Subsequent measurement (continued)

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

External valuers are involved in the valuation of a selection of investment properties within the Group. Involvement of the external valuers is decided upon annually by the directors after discussion with and approval by the Group's audit and risk committee. The selection criteria for selecting an external valuer, include market knowledge experience, reputation, independence and whether professional standards are maintained. After discussions with the appointed external valuers, the directors assess the reasonableness of the inputs used in the discounted cash flow model for 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 equal the valuation by the internal or independent valuer, form the value of investment property as a whole as plant and equipment relating to leased tenant installations and operating lease asset forms an integral part of investment property although separately disclosed. The value of investment property is therefore the cumulative value of the amounts disclosed in notes 3, 4 and 5 as 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

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 measured at 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
Hotel	Straight line	20 years
Leased property installations	Straight line	3-10 years (Lease period)
Plant and equipment	Straight line	5-6 years
Furniture and fixtures	Straight line	5-6 years
Motor vehicles	Straight line	5 years
Computer software	Straight line	3 years
Investment property, equipment and fixtures	Straight line	5-6 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.

The hotel continues to be constructed. The expected completion date is late 2021 or early 2022. As the hotel has not been brought into use, no depreciation has been charged.

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 date of the statement of financial position.

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 reserve" 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 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 is not made through profit or loss.

1. Significant accounting policies (continued)

1.9 Financial instruments

Recognition and off-setting

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

Financial assets

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

The business model of the Group 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 solely 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 at amortised cost using the effective interest method.
- Other financial liabilities are classified either at fair value through profit or loss or 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 3 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 financial assets. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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 (assets) for the current and prior periods are measured at the amount expected to be paid to (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 financial position statement 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 nor taxable profit and 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 nor tax profit and loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Deferred tax on investment property carried at fair value are presumed to be recovered through the sale of the investment properties.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and 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, in other comprehensive income, or
- items that are credited or changed, in the same period or a different period, directly in equity in which case the tax is also recognised in other comprehensive income or charged or credited directly to equity respectively.

1. Significant accounting policies (continued)

1.11 Leases

Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether or not the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group also recognises loss allowances for ECLs on lease receivables in terms of IFRS 9, which are disclosed as part of trade and other receivables.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘revenue’ irrespective of the fact that income is charged based on contractual terms.

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 consolidated and separate statements of financial position at the commencement of the lease.

The right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required in terms of the lease. Depreciation is charged to profit and loss 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 policy 1.5 & 1.6. 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 profit and loss 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 profit and loss when incurred. Low-value assets are determined based on qualitative and quantitative criteria.

1.12 Inventories

When management has the intent to sell investment properties owned, such property is held as inventories. Any change in intention to sell properties held as investment property will result in such properties being transferred to inventory at fair value. Such items are carried at the lower of cost and net realisable value. When a property is sold, a profit or loss is recognised in the profit and loss when transfer of ownership occurs.

1.13 Impairment of assets

The Group assesses at 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 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.

1.13 Impairment of assets continued

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.

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.

1.14 Provisions and contingencies

A provision is recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are recognised at the present value of expenditure required to settle the obligation. Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.15 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. Any doubt about whether the Group is entitled, legally, to charge rent, for example where COVID-19 country rules prevented tenants from having free access to their premises, is ignored when determining the amount of rental income to be recognised. To the extent there is such doubt, an expense is recognised which is included in the expected credit loss expense. 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.

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.

Where revenue is recognised over time in accordance with the performance obligation over that 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.

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

Revenue	Description	Nature, timing of satisfaction of performance obligations and measurements
Rental income (Operating leases)	Charging tenants for rental of premises as well as operating costs related to tenancy.	Income is recognised on a straight-line basis over the lease contract term.
Municipal recoveries.	Recovering operating costs, such as utilities, from tenants.	Utility recoveries are recognised over the period for which the services are rendered

1. Significant accounting policies (continued)

1.16 Other income and revenue

Interest raised on arrear tenant accounts 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 and loss. Other income is recognised in terms of the lease agreements which states that administration fees can be charged to the tenant immediately when payment of rental is overdue and early lease cancellations fees can be charged to the tenant upon early cancellation.

1.17 Employee benefits

Short-term employee benefits

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

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

1.18 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 reflected as cancelled on consolidation to reflect the shares in issue held by external shareholders.

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

1.19 Borrowing costs

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

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

1.20 Translation of foreign currencies

Functional and presentation currency

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

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

Foreign currency transactions

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

At the end of the reporting period:

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

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

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item occurs, it 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.

1.21 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand and short-term deposits, with an original maturity of three months or less, which are repayable on demand.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts.

Cash and cash equivalents are both initially and subsequently measured at amortised cost.

1.22 Earnings per share

The Group presents basic and diluted earnings per share and headline earnings per share and diluted headline earnings per share for its ordinary shares.

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Headline earnings per share are calculated by dividing headline earnings attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period. Diluted headline earnings per share are determined by adjusting the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares which comprise share options granted to employees.

There are no dilutive effects on earnings per share or headline earnings per share.

1.23 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax from the proceeds.

Repurchase and reissue of shares (treasury shares)

When the share capital recognised as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a reduction of share capital.

When treasury shares are sold or reissued subsequently, the amount received is as an increase in equity and the resulting surplus or deficit on the transaction is presented as stated capital.

Notes to the annual financial statements

for the year ended 28 February 2021

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
• IFRS 3: <i>Definition of business: The amendments</i>	1 January 2020	No material impact
• IFRS 1: <i>Amendments to references to the Conceptual Framework and new materiality definition</i>	1 January 2020	No material impact
• IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure</i>	1 January 2021	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	Expected impact
• IAS 1: <i>Presentation of Financial Statements – Classification of liabilities as current or non-current</i>	1 January 2023	Unlikely there will be a material impact
• IAS 1: <i>Presentation of Financial Statements – Disclosure of accounting policies</i>	1 January 2023	Unlikely there will be a material impact
• IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of accounting estimates</i>	1 January 2023	Unlikely there will be a material impact
• IAS 16: <i>Property, Plant and Equipment – Proceeds before intended use</i>	1 January 2022	Unlikely there will be a material impact
• IAS 37: <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts</i>	1 January 2022	Unlikely there will be a material impact
• IFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022	Unlikely there will be a material impact
• IFRS 16: <i>COVID-19 related rent concessions</i>	1 June 2020	Unlikely there will be a material impact

3. Investment property

	Carrying value 2021 R'000	Carrying value 2020 R'000
Group		
Investment property at fair value	8 242 773	7 854 029

Reconciliation of investment property – Group – 2021

	Opening balance	Additions	Proceeds from insurance guarantee	Transfer from deposits paid	Disposals	Transfer of investment property to inventory (Note 13)	Foreign currency translation	Investment property expensed	Fair value adjust- ments	Total
Investment property	7 854 029	596 022	–	4 893	(8 376)	(39 592)	17 056	–	(181 259)	8 242 773

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 adjust- ment to property, plant and equipment (Note 4)	Transfer to property, plant and equipment (Note 4)	Foreign currency translation	Investment property expensed	Fair value adjust- ments	Total
Investment property	7 409 903	248 986	(33 425)	45 951	(1 839)	(139 011)	38 686	(19 828)	304 606	7 854 029

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 28 February 2021, the property valuations were performed were done as follows:

Independent valuers

- Acsiopolis (Lomastep Proprietary Limited)
- Mall@Carnival (Golden Falls Trading 125 Proprietary Limited)
- Mall@Larnaca (Zudolex Cyprus Limited)
- Mall@Reds (Proc Corp 160 Proprietary Limited)

Directors' valuation

- Mall@Emba (Double Ring Trading 62 Proprietary Limited)
- Mall@Lebo (Nungu Trading 517 Proprietary Limited)
- Mall@Moutsiya (Daybreak Properties 3 Proprietary Limited)
- Simarlo Rainbow (DAJM Property Investment Proprietary Limited)
- Moreleta Square (Rubensmen Proprietary Limited)
- Mall@55 (Nabuvax Proprietary Limited)
- Mall@Mfula (Zarafusion Proprietary Limited)

The effective date of the revaluation for the year end was 28 February 2021 (2020: 29 February 2020).

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, with registration number 2712/2. 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 with registration number 5542. She holds B Proc 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 reference to signed tenant 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 investment properties for the Group are Level 3 hierarchy investment properties. There were no transfers between Levels 1, 2 and 3 during the year.

Notes to the annual financial statements continued

for the year ended 28 February 2021

3. Investment property (continued)

Completed developments

Completed developments were valued as at 28 February 2021 (2020: 29 February 2020) using the discounted cash flow of future income streams method if valued by the directors. 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 a few exceptions. Mall@Carnival, was valued this year using the income capitalisation method and using the discounted cash flow method in the prior year. Both Moreleta Square and Simarlo Rainbow were valued using the discounted cash flow method in the current year and the income capitalisation method in the prior year.

There are nine completed developments at year-end and all are fully owned with no leasehold over property.

Developments under construction

The effective date of the valuation of developments under construction was 28 February 2021 (2020: 29 February 2020). The value of developments under construction is determined with reference to the bulk rate per square meter (sqm), adjusted for construction costs to date if the development is less than 25% complete or more than one year away from being completed. If the development under construction is to be completed within one year of the financial year-end, the income capitalisation method of anticipated future income streams method or residual valuation method is used.

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 will be reliably determinable with construction is complete, that investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed. In the current year, Acsiopolis was valued using a residual valuation method, being the highest and best use, by Mrs A de Wet. In the prior year, an income capitalisation method was used. Mall@Larnaca was valued by Mrs A de Wet using the income capitalisation method, which is the same as the prior year.

Mall@Larnaca is being constructed on land held in terms of a lease. Refer to note 19 for more detail.

Restatements to 31 August 2020 interim results

Property valuations were not obtained or performed when the interim results were published on 26 November 2020, because the Board of directors was of the view that no reliable information was available due to the significant uncertainty created by COVID-19. As a result, investment properties were not revalued as of 31 August 2020. The JSE raised this matter during its proactive monitoring review of the 2020 interim results. This was subsequently remedied by the Group in March 2021 when valuations were performed as at 31 August 2020 and the valuation information was published on SENS. Refer to Appendix B to the Annual Financial Statements.

Investment property detail and analysis

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Details of properties				
Simarlo Rainbow				
– Acquisition cost of investment property	32 112	32 112	–	–
– Cost of additions	689	689	–	–
– Accumulated fair value adjustments since acquisition	9 025	16 120	–	–
	41 826	48 921	–	–

This property measures 6.9 hectares, including retail mall improvements held in three sectional title properties, namely:

- 352/99 containing units 1 – 11; excluding units 4 and 7 owned by third parties;
- 497/99 containing units 12 – 19; excluding unit 16 owned by a third party; and
- 752/28 containing units 20 – 30.

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

	2021 Directors' valuation %	2020 Independent valuation %
Exit capitalisation rate	10.30	9.50
Discount rate	15.00	14.50
Actual vacancy	17.23	21.48
Revenue escalation rate	4.00	8.00
Expense escalation rate	5.00	8.00

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	(592)	–	–	–
A decrease of 50 basis points in the discount rate	604	–	–	–
An increase of 50 basis points in the capitalisation rate	(1 295)	(2 570)	–	–
A decrease of 50 basis points in the capitalisation rate	1 428	2 625	–	–

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Moreleta Square				
– Acquisition cost of investment property	132 774	132 774	–	–
– Accumulated fair value adjustments since acquisition	29 633	1 330	–	–
	162 407	134 104	–	–

Moreleta Square comprises a shopping mall situated on Erf 6301 and 6302 of Farm Garsfontein 374, Moreleta Park, Extension 32, Pretoria. The following unobservable inputs were used by the valuer in estimating the fair value of the investment property:

	2021 Directors' valuation %	2020 Independent valuation %
Exit capitalisation rate	9.00	9.00
Discount rate	14.50	14.00
Actual vacancy	4.07	9.33
Revenue escalation rate	5.00	8.00
Expense escalation rate	7.00	8.00

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	(2 428)	–	–	–
A decrease of 50 basis points in the discount rate	2 478	–	–	–
An increase of 50 basis points in the capitalisation rate	(6 182)	(7 155)	–	–
A decrease of 50 basis points in the capitalisation rate	6 909	7 995	–	–

Notes to the annual financial statements continued

for the year ended 28 February 2021

3. Investment property (continued)

Investment property detail and analysis continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Mall@Reds				
– Acquisition cost of investment property	751 154	751 154	–	–
– Capital cost since acquisition	38 493	38 493	–	–
– Accumulated fair value adjustments since acquisition	567 405	587 752	–	–
	1 357 052	1 377 399	–	–

Mall@Reds comprises a shopping mall erected on Erf 1089, Rooihuiskraal, Extension 15, Centurion. A discounted cash flow method was used by Mr P Parfitt to value the property in the current year.

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

	2021 Independent valuation %	2020 Directors' valuation %
Exit capitalisation rate	8.75	8.00
Discount rate	14.00	13.00
Actual vacancy	5.58	5.40
Revenue escalation rate	7.11	5.00
Expense escalation rate	7.60	8.00

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	(25 173)	(21 165)	–	–
A decrease of 50 basis points in the discount rate	25 792	21 614	–	–
An increase of 50 basis points in the capitalisation rate	(49 809)	(60 757)	–	–
A decrease of 50 basis points in the capitalisation rate	55 846	68 858	–	–

Refer to note 18 regarding funding secured over this property.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Mall@Carnival				
– Acquisition cost of investment property	1 637 175	1 637 175	–	–
– Capital cost since acquisition	147 623	147 623	–	–
– Accumulated fair value adjustments since acquisition	659 867	921 321	–	–
	2 444 665	2 706 119	–	–

Mall@Carnival comprises a shopping mall erected on Erf 3080, Dalpark Extension 5, Brakpan.

An income capitalisation method was used by Mrs A de Wet to value the property in the current year.

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

	2021 Independent valuation	2020 Independent valuation
Exit capitalisation rate	7.50%	8.50%
Discount rate	12.50%	13.50%
Actual vacancy percentage	4.95%	3.72%
Revenue escalation rate	7.00%	7.55%
Expense escalation rate	7.00%	8.46%
Bulk rate per sqm (35 000 m ²)	–	R1 000
Floor are ratio rate per sqm (124 133 m ²)	R300	–

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	–	(51 557)	–	–
A decrease of 50 basis points in the discount rate	–	52 835	–	–
An increase of 50 basis points in the capitalisation rate	(156 926)	(105 339)	–	–
A decrease of 50 basis points in the capitalisation rate	179 344	118 507	–	–

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Mall@Emba				
– Acquisition cost of investment property	408 327	408 327	–	–
– Capital cost since acquisition	20 533	19 809	–	–
– Accumulated fair value adjustments since acquisition	191 006	176 228	–	–
	619 866	604 364	–	–

Mall@Emba is a retail mall situated on Erf 2/2535, 3/2535 & 7/2535, Embalenhle Extension 7 and Erf 27777 Embalenhle, Extension 13, Secunda.

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

	2021 Directors' valuation %	2020 Directors' valuation %
Exit capitalisation rate	9.00	9.00
Discount rate	14.00	14.00
Actual vacancy percentage	6.87	5.36
Revenue escalation rate	5.00	5.00
Expense escalation rate	7.00	8.00

Notes to the annual financial statements continued

for the year ended 28 February 2021

3. Investment property (continued)

Restatements to 31 August 2020 interim results (continued)

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	(9 167)	(8 951)	–	–
A decrease of 50 basis points in the discount rate	9 359	9 138	–	–
An increase of 50 basis points in the capitalisation rate	(23 278)	(22 726)	–	–
A decrease of 50 basis points in the capitalisation rate	26 016	25 400	–	–

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Mall@Lebo				
– Acquisition cost of investment property	249 575	249 575	–	–
– Capital cost since acquisition	14 622	14 622	–	–
– Accumulated fair value adjustments since acquisition	251 817	230 108	–	–
	516 014	494 305	–	–

Mall@Lebo comprises a shopping mall situated on Erf 31, 32 and 33 of Lebowakgomo-BA Township district of Thabamopo.

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

	2021 Directors' valuation %	2020 Independent valuation %
Exit capitalisation rate	8.50	9.50
Discount rate	14.00	14.50
Actual vacancy	2.80	1.95
Revenue escalation rate	5.00	7.16
Expense escalation rate	7.00	7.76

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	(7 828)	(9 373)	–	–
A decrease of 50 basis points in the discount rate	7 992	9 601	–	–
An increase of 50 basis points in the capitalisation rate	(21 171)	(16 883)	–	–
A decrease of 50 basis points in the capitalisation rate	23 818	18 759	–	–

Refer to note 18 regarding funding over this property.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Mall@Moutsiya				
– Acquisition cost of investment property	30 471	30 471	–	–
– Capital cost since acquisition	79 081	74 188	–	–
– Accumulated fair value adjustments since acquisition	124 187	117 013	–	–
	233 739	221 672	–	–

Mall@Moutsiya comprises a shopping centre and land parcels 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 this investment property:

	2021 Directors' valuation %	2020 Directors' valuation %
Exit capitalisation rate	9.00	9.00
Discount rate	14.00	14.00
Actual vacancy	3.69	5.22
Revenue escalation rate	5.00	5.00
Expense escalation rate	7.00	8.00

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	(3 824)	(3 689)	–	–
A decrease of 50 basis points in the discount rate	3 904	3 767	–	–
An increase of 50 basis points in the capitalisation rate	(9 708)	(9 366)	–	–
A decrease of 50 basis points in the capitalisation rate	10 850	10 467	–	–

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Mall@55 and Trade55				
– Acquisition cost of investment property	179 554	179 554	–	–
– Capital cost since acquisition	117 554	111 823	–	–
– Accumulated fair value adjustments since acquisition	18 894	17 850	–	–
	316 002	309 227	–	–

Mall@55 and Trade55 is a development situated on portions 165 of the farm Brakfontein and portion 0 and 1 of the farm Accionville 784 together with Erf 1885, 1886 and 1901 of Heuweloord Extension 18 and 19 Monavani, Gauteng.

An income capitalisation valuation method was used by Mrs A de Wet to value the property in this prior year.

Notes to the annual financial statements continued

for the year ended 28 February 2021

3. Investment property (continued)

Investment property detail and analysis (continued)

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

	2021 Directors' valuation	2020 Independent valuation
Exit capitalisation rate (Mall@55)	8.50%	8.00%
Discount rate (Mall@55)	14.00%	13.00%
Actual vacancy (Mall@55)	5.44%	4.00%
Revenue escalation rate (Mall@55)	5.00%	8.00%
Expense escalation rate (Mall@55)	7.00%	8.00%
Bulk rate per sqm (Mall@55) (30 000 m ²)	R1 174	R1 338
Floor area ratio per sqm (Trade@55) (32 250 m ²)	R1 332	R1 359

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	(4 539)	–	–	–
A decrease of 50 basis points in the discount rate	4 634	–	–	–
An increase of 50 basis points in the capitalisation rate	(12 270)	(17 648)	–	–
A decrease of 50 basis points in the capitalisation rate	13 804	19 995	–	–

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Mall@Mfula				
– Cost of investment property	860	860	–	–
– Capital cost of development	104 780	104 780	–	–
– Accumulated fair value adjustments	230 807	161 239	–	–
	336 447	266 879	–	–

Mall@Mfula is a retail shopping centre situated on Portion 126 of Farm 149 and Erf 2686 of Piet Retief, Mpumulanga.

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

	2021 Directors' valuation	2020 Independent valuation
Exit capitalisation rate	8.50%	10.25%
Discount rate	14.00%	14.75%
Actual vacancy	6.87%	6.82%
Revenue escalation rate	5.00%	7.14%
Expense escalation rate	7.00%	8.06%

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the discount rate	(5 447)	(5 607)	–	–
A decrease of 50 basis points in the discount rate	5 561	5 743	–	–
An increase of 50 basis points in the capitalisation rate	(14 731)	(9 234)	–	–
A decrease of 50 basis points in the capitalisation rate	16 572	10 181	–	–

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Acsiopolis				
– Cost of investment property	42 519	42 519	–	–
– Capital cost of development	970 562	709 800	–	–
– Accumulated fair value adjustments	310 698	888 589	–	–
– Transfer to property, plant and equipment	(555 321)	(555 321)	–	–
	768 458	1 085 587	–	–

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

A residual valuation method was used by Mrs A de Wet to value the property,, being the highest and best use for this property. In the prior year, an income capitalisation method was used by Mrs A de Wet to value the property,.

During the prior year, an insurance guarantee provided by the previous contractor was called in. The contract with them was terminated and the money received has been used to correct any construction defects relating to this contractor's work.

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

	2021 Independent valuation %	2020 Independent valuation %
Exit capitalisation rate (Apartments)	–	9.50
Exit capitalisation rate (Retail)	–	7.75
Discount rate (Apartments)	10.00	–
Discount rate (Retail)	14.00	12.75
Revenue escalation rate (Retail)	3.00	8.00
Average daily room rate (Apartments)	–	R3 658
Net profitability (Apartments)	–	22.30
Average occupancy (Apartments)	–	75.00
Selling price per sqm	R35 000	–

Refer to a sensitivity analysis disclosed for mixed use development later in this note.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Mall@Larnaca				
– Land lease (right-of-use asset)	240 288	226 927	–	–
– Capital cost of development	637 862	275 845	–	–
– Accumulated fair value adjustments	568 142	48 082	–	–
	1 446 292	550 854	–	–

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 the renewal date if the renewal option is exercised for an additional 33 years (refer to 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 square metres.

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

	2021 Independent valuation	2020 Independent valuation
Exit capitalisation rate	8.00%	9.00%

Notes to the annual financial statements continued

for the year ended 28 February 2021

3. Investment property (continued)

Investment property detail and analysis (continued)

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of 50 basis points in the capitalisation rate	(104 436)	(36 306)	–	–
A decrease of 50 basis points in the capitalisation rate	118 361	40 575	–	–
	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Hyde Park Terrace				
– Cost of investment property on reclassification	47 524	55 900	–	–
– Accumulated fair value adjustments since transfer	(7 932)	(1 302)	–	–
– Transfer to inventories	(39 592)	–	–	–
	–	54 598	–	–

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

	2021 Directors' valuation	2020 Directors' valuation
Vacant land – price per sqm	R3 265	R3 269
Full title properties – price per sqm of building area	R5 810	R14 300

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sensitivity analysis				
An increase of R100 per sqm vacant land	311	356	–	–
A decrease of R100 per sqm vacant land	(311)	(356)	–	–
An increase of R100 per sqm building area	507	301	–	–
A decrease of R100 per sqm building area	(507)	(301)	–	–

Due to management's current intention to sell, the property consisting of five houses and six land parcels has been reclassified as inventory (note 13) on 28 February 2021.

Combined Group sensitivity analysis:

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Properties excluding mixed-use development				
An increase of 50 basis points in the discount rate	(58 998)	(100 344)	–	–
A decrease of 50 basis points in the discount rate	60 325	102 698	–	–
An increase of 50 basis points in the capitalisation rate	(399 807)	(287 985)	–	–
A decrease of 50 basis points in the capitalisation rate	452 949	323 362	–	–
Mixed-use development				
An increase of 100 basis points in the discount rate (residential apartments)	(14 756)	–	–	–
A decrease of 100 basis points in the discount rate (residential apartments)	15 203	–	–	–
An increase of 100 basis points in the capitalisation rate (retail)	(30 187)	(164 916)	–	–
A decrease of 100 basis points in the capitalisation rate (retail)	38 237	205 378	–	–
An increase of 100 basis points in the room rate (retail as well as residential apartments)	–	14 452	–	–
A decrease of 100 basis points in the room rate (retail as well as residential apartments)	–	(14 452)	–	–
An increase of 100 basis points in the net profit percentage (retail as well as residential apartments)	–	14 452	–	–
A decrease of 100 basis points in the net profit percentage (retail as well as residential apartments)	–	(14 452)	–	–
An increase of 100 basis points in the occupancy rate (retail as well as residential apartments)	–	20 177	–	–
A decrease of 100 basis points in the occupancy rate (retail as well as residential apartments)	–	(20 177)	–	–
An increase of 100 basis points in the selling price per sqm (residential apartments)	7 809	–	–	–
A decrease of 100 basis points in the selling price per sqm (residential apartments)	(7 809)	–	–	–

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4. Property, plant and equipment

	2021			2020		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Hotel	521 512	–	521 512	592 265	–	592 265
Leased property installations	304 978	(234 348)	70 630	304 714	(215 877)	88 837
Plant and equipment	110 289	(107 474)	2 815	157 714	148 333	9 381
Furniture and fixtures	17 388	(17 011)	377	36 566	(35 673)	893
Motor vehicles	479	(458)	21	479	(449)	30
Computer software	594	(594)	–	594	(594)	–
Marketing equipment	976	(976)	–	976	(976)	–
Investment property equipment and fixtures	133 060	(82 776)	50 284	67 331	(11 063)	56 268
Total	1 089 276	(443 637)	645 639	1 160 639	(412 965)	747 674

Reconciliation of property, plant and equipment – Group – 2021

	Opening balance R'000	Additions R'000	Foreign exchange movements R'000	Investment property transfer (note 3) R'000	Revaluation loss R'000	Depreciation R'000	Total R'000
Hotel	592 265	51 330	–	–	(122 083)	–	521 512
Leased property installations	88 837	263	–	–	–	(18 470)	70 630
Plant and equipment	9 381	578	22	–	–	(7 166)	2 815
Furniture and fixtures	893	181	–	–	–	(697)	377
Motor vehicles	30	–	–	–	–	(9)	21
Investment property equipment and fixtures	56 268	15	–	–	–	(5 999)	50 284
	747 674	52 367	22	–	(122 083)	(32 341)	645 639

Reconciliation of property, plant and equipment – Group – 2020

	Opening balance R'000	Additions R'000	Proceeds from insurance guarantee R'000	Investment property transfer (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
Plant and equipment	14 412	769	–	–	–	(5 800)	9 381
Furniture and fixtures	1 500	16	–	–	–	(623)	893
Motor vehicles	39	–	–	–	–	(9)	30
Investment property, equipment and fixtures	–	–	–	67 331	–	(11 063)	56 268
	671 533	15 334	(22 432)	139 011	(1 839)	(53 933)	747 674

Reconciliation of property, plant and equipment – Group – 2021

	Cost R'000	Cumulative revaluation R'000	Total R'000
Hotel reconciliation			
At transfer date	247 154	308 167	555 321
2019	17 366	30 347	47 713
2020	(8 930)	(1 839)	(10 769)
2021	51 330	(122 083)	(70 753)
	306 920	214 592	521 512

Included in property, plant and equipment is fully depreciated assets with a cost of R175 million that are still in use.

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 R306 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 28 February 2021. 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. Her valuer registration number 5542.

The effective date of the revaluation was 28 February 2021.

Valuation technique

The revaluation of the owner occupied property was performed in accordance with the method documented in the accounting policies. The residual valuation method was used as the technique to determine the fair value of the property in the current year where an income capitalisation method was used in the prior year. The estimated cost to complete the development is deducted from the market value. In the current year, a residual valuation method was used as being the highest and best use for the hotel. This property is classified as a Level 3 hierarchy. There were no transfers between Levels 1, 2 and 3 during the year.

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

	2021 Independent valuation	2020 Independent valuation
Discount rate	10.00%	–
Capitalisation rate	10.00%	10.00%
Average daily room rate	–	R1 938
Net profit percentage	–	22.30%
Average occupancy	–	75.00%
Selling price per sqm	R35 000	–

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 of Acsiopolis detailed below:

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
An increase of 100 basis points in the discount rate	(12 807)	–	–	–
A decrease of 100 basis points in the discount rate	13 195	–	–	–
An increase of 100 basis points in the capitalisation rate	–	(92 290)	–	–
A decrease of 100 basis points in the capitalisation rate	–	112 799	–	–
An increase of 100 basis points in the room rate	–	9 354	–	–
A decrease of 100 basis points in the room rate	–	(9 354)	–	–
An increase of 100 basis points in the net profit percentage	–	10 152	–	–
A decrease of 100 basis points in the net profit percentage	–	(10 152)	–	–
An increase of 100 basis points in the occupancy rate	–	12 597	–	–
A decrease of 100 basis points in the occupancy rate	–	(12 597)	–	–
An increase of 100 basis points in the selling price per sqm	6 843	–	–	–
A decrease of 100 basis points in the selling price per sqm	(6 843)	–	–	–

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

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	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
5. Operating lease asset				
Operating lease assets comprise the value of future lease escalations calculated by providing for lease rental income using the straight line method over the lease period				
Non-current assets	118 924	132 470	–	–
Current assets	25 097	23 279	–	–
	144 021	155 749	–	–

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
6. Reconciliation of significant components of investment property to valuation performed				
Note 3 – Investment property at fair value – completed developments	6 028 023	6 217 588	–	–
Note 3 – Investment property at fair value – developments under construction	2 214 750	1 636 441	–	–
Note 4 – Leased property installations	70 630	88 837	–	–
Note 4 – Owner-occupied asset	521 512	592 265	–	–
Note 4 – Investment property equipment, fixtures and fittings	50 284	56 267	–	–
Note 5 – Operating lease asset	144 021	155 749	–	–
Valuation amount as per directors' and independent valuations	9 029 220	8 747 147	–	–

	Carrying value 2021 R'000	Carrying value 2020 R'000
7. Goodwill		
Group		
Carrying value of goodwill	625 464	625 464

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

Goodwill is not amortised, but is tested for impairment at the end of each financial year or when there are indications that the goodwill may be impaired. For the purposes of performing the impairment test, the goodwill is allocated to Anaprop Property Management, which is the smallest cash-generating unit ("CGU") expected to benefit from the acquisition which gave rise to the goodwill. The recoverable amount of the CGU is determined on a value-in-use basis, and this is compared to the carrying value of the CGU, including the goodwill. To the extent the carrying value of the CGU exceeds its recoverable amount, goodwill is impaired to the recoverable amount. Management makes assumptions regarding certain pipeline developments in order to anticipate the impact it will have on the future cash flows of the CGU.

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

Although Anaprop Property Management mostly does not generate cash inflows from outside the Group, it is possible to do so since there is a market for the services it provides. The cash inflows used in the DCF are those expected to be generated by Anaprop from the various property companies within the Group to which Anaprop will be providing property management and asset management services. Since some of the property developments that ultimately will be serviced by Anaprop have not even commenced yet, the corresponding expected cash inflows, and related cash outflows, for Anaprop have been included in the DCF to the extent reflected in the budget and forecast of Anaprop for a short period beyond four years.

Some of the parameters used in the determination of the value in use of Anaprop Property Management include the following:

	2021 %	2020 %
Contractual fee income (fixed percentage of rental collections)	7.50	7.50
Operational profit escalation rate (budget and forecast periods)	5.00	6.50
Discount rate	9.71	8.62
Exit capitalisation rate	6.81	4.42
Long-term growth rate	2.90	4.20

The amount by which the recoverable value based on value in use of Anaprop, exceeded its carrying value, including goodwill, as at 28 February 2021 was approximately R52 million.

Goodwill sensitivity analysis

A change in the following significant inputs would result in the recoverable amount of the goodwill being equal to its carrying value. The below assume all other inputs remain the same and only the mentioned unobservable input being the value indicated below.

Discount rate	10.23%
Exit capitalisation rate	7.54%
Operational profit escalation rate	2.39%
Long-term growth rate	2.20%

	GROUP			COMPANY	
	2021 R'000	2020 Restated R'000	2019 Restated R'000	2021 R'000	2020 R'000
8. Intangible development project asset					
Opening balance	165	165	165	–	–
Transferred to investment property	–	–	–	–	–
Closing balance	165	165	165	–	–

During the formation of the Group, the holding company acquired two wholly owned subsidiaries that owned the intangible development project assets. The subsidiaries were acquired by way of share issue and priced at R209 million and R200 million for Acsiopolis and Mall@Maputo, respectively.

Refer to note 38 for information regarding restatement of the balances previously reported.

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9. Investments in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

		Voting power			Carrying amount		
Name of company	Held by	2021 %	2020 %	2019 %	2021 R'000	2020 Restated R'000	2019 Restated R'000
Bengavista Proprietary Limited	Acsion Limited	100.00	100.00	100.00	14 341	14 341	14 341
Bengavox Proprietary Limited	Acsion Limited	100.00	100.00	100.00	–	–	–
DAJM Proprietary Limited	Acsion Limited	100.00	100.00	100.00	28 673	28 673	28 673
Daybreak Properties 3 Proprietary Limited	Acsion Limited	100.00	100.00	100.00	18 132	18 132	18 132
Double Ring Trading 62 Proprietary Limited	Acsion Limited	100.00	100.00	100.00	316 850	316 850	316 850
Fortuvox Proprietary Limited	Acsion Limited	100.00	100.00	100.00	199 835	199 835	199 835
Golden Falls Trading 125 Proprietary Limited	Acsion Limited	100.00	100.00	100.00	1 298 863	1 298 863	1 298 863
Lomastep Proprietary Limited	Acsion Limited	100.00	100.00	100.00	209 827	209 827	209 827
Nabuvax Proprietary Limited	Acsion Limited	100.00	100.00	100.00	117 728	117 728	117 728
Nungu Trading 516 Proprietary Limited	Acsion Limited	100.00	100.00	100.00	146 084	146 084	146 084
Proc Corp 160 Proprietary Limited	Acsion Limited	100.00	100.00	100.00	604 428	604 428	604 428
Rubensmen Proprietary Limited	Acsion Limited	100.00	100.00	100.00	113 186	113 186	113 186
Southern Palace Investments 108 Proprietary Limited	Acsion Limited	100.00	100.00	100.00	820 441	815 450	815 450
Zarafusion Proprietary Limited	Acsion Limited	55.00	55.00	55.00	–	–	–
Zudolex Proprietary Limited	Acsion Limited	100.00	100.00	100.00	–	–	–
Zudonetix Proprietary Limited	Acsion Limited	100.00	100.00	100.00	–	–	–
Ornelia Limited (Cyprus entity)	Limited	100.00	100.00	100.00	–	–	–
Zudolex Cyprus Limited (Cyprus entity)	Ornelia Limited (Cyprus entity)	95.50	95.50	95.50	–	–	–
Impairment of Fortuvox Proprietary Limited					3 888 388	3 883 397	3 883 397
Impairment of Bengavista Proprietary Limited					(199 835)	(199 835)	(199 835)
Impairment of Southern Palace Investments 108 Proprietary Limited					(2 728)	–	–
					(78 000)	–	–
					3 607 825	3 683 562	3 683 562

Refer to note 36 for detail of the non-controlling interest and financial information on Zarafusion Proprietary Limited as well as Zudolex Cyprus Limited.

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

10. Other financial assets

Loans and receivables

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

Non-current assets

Loans and receivables

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Guarantees issued	539	5 432	–	–
Loans and receivables	539	5 432	–	–

Fair value information

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

11. Loans to/(from) Group companies

Subsidiaries

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Lomastep Proprietary Limited	–	–	199 327	199 327
Southern Palace Investments 108 Proprietary Limited	–	–	(424 089)	(426 899)
Zudolex Proprietary Limited	–	–	3 258	3 258
Nungu Trading 517 Proprietary Limited	–	–	102 784	102 784
Golden Falls 125 Proprietary Limited	–	–	8 425	8 425
Daybreak Properties 3 Proprietary Limited	–	–	11 438	11 438
	–	–	(98 857)	(101 667)
Unless otherwise stated, the loans to and from subsidiaries are interest free with no fixed terms of repayment. In the previous year, the loan to Lomastep Proprietary Limited carried interest at prime less 133 basis points and was repayable on demand. The amount of R424 million Rand due to Southern Palace Investments 108 Proprietary Limited will not be called in pursuant to an undertaking by the subsidiary to support the company's liquidity.				
Current liabilities	–	–	(424 090)	(426 899)
Current assets	–	–	325 232	325 232
	–	–	(98 857)	(101 667)

Notes to the annual financial statements continued

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	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
12. Loans to/(from) shareholders				
RA Dlamini	(506)	4 053	–	–
Three Five Theda Proprietary Limited	(909)	(781)	–	–
A Nicoloudakis	(909)	(859)	–	–
D Thomas	(909)	(859)	–	–
I Anastasiadis	(909)	(781)	–	–
	(4 142)	773	–	–
RA Dlamini is the minority shareholder in Zarafusion Proprietary Limited (Mall@Mfula) who contributes towards the development in terms of an arrangement the Group has with him. The loan of R506 thousand Rand will only be repaid if the loan contributions by shareholders are proportional to their shareholding and the other shareholders' loan is also repaid. The loan does not bear interest and is unsecured. The loans from shareholders (excluding RA Dlamini) relates to loans from persons or entites related to minority shareholders in Zudolex Cyprus Limited. The four aforementioned loans were advanced in terms of their obligations as shareholders in Zudolex Cyprus Limited. The loans due to D Thomas and A Nicoloudakis are Euro denominated and the loans due to I Anastasiadis and Three Five Theda Proprietary Limited owned by T Kyriazis are Rand-denominated.				
Current assets	–	4 053	–	–
Current liabilities	(4 142)	(3 280)	–	–
	(4 142)	773	–	–

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
13. Inventories				
Reclassification of investment property to inventory	39 592	–	–	–

Hyde Park Terrace, a high-end residential development of units ranging from 350 m² to 568 m² under roof, is situated in Hyde Park, Sandton, approximately 500 m away from Hyde Park shopping centre. The development currently consists five completed houses (2020: six) and six vacant stands still available for sale (2020: nine). These properties were valued prior to being transferred from investment property due to management's intent to sell. Refer to note 3 for details of valuation prior to transfer to inventory on 28 February 2021.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
14. Trade and other receivables				
Financial instruments:				
Trade receivables	30 175	17 275	–	–
Provision for expected credit losses	(1 481)	(2 746)	–	–
Trade receivables at amortised cost	28 694	14 529	–	–
Other receivables	1 814	3 100	–	4 560
Non-financial instruments:				
Value added tax	29 079	1 087	–	–
Prepayments	1 227	7 504	–	–
Total trade and other receivables	60 814	26 220	–	4 560

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 applied during the 2020 financial year.

Trade and other receivables past due but not impaired

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Trade and other receivables which are less than three months past due are not considered to be impaired.

At 28 February 2021 R28.7 million (2020: R14.5 million) were past due but not impaired.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
The ageing of amounts past due but not impaired is:				
Current	19 274	7 558	–	–
1 month past due	6 279	3 295	–	–
2 months past due	1 630	1 452	–	–
3 months past due	1 511	2 224	–	–
	28 694	14 529	–	–

Notes to the annual financial statements continued

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Trade and other receivables impaired				
As at 28 February 2021, trade and other receivables of R1.48 million (2020: R2.75 million) were impaired and provided for.				
The ageing of this impairment is:				
Less than 3 months	1 260	464	–	–
Over 3 months	221	2 282	–	–
	1 481	2 746	–	–
Reconciliation of provision for expected credit losses:				
Opening balance	2 746	1 241	–	–
Provision for impairment				
– COVID-19	64 507	–	–	–
– Other	7 445	1 693	–	–
Utilised during the year	(73 217)	(188)	–	–
	1 481	2 746	–	–

The creation and release of the provision for impaired receivables have been included in other financial instruments and risk management in the statement of profit or loss.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
15. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	34	34	–	–
Bank balances	49 467	223 046	12 794	20 695
Bank deposit	16 122	–	–	–
	65 623	223 080	12 794	20 695

Included in the bank balances is €157 695 held by the group domestic treasury management company, Zudolex Proprietary Limited, as well as €206 765 held in a bank account in Cyprus. All foreign currency bank balances are reported in local currency at an exchange rate of R18.191 to €1

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
16. Stated capital				
Authorised ('000)				
Ordinary shares of no par value	10 000 000	10 000 000	10 000 000	10 000 000
Reconciliation of number of shares issued ('000):				
Balance at the beginning of the year	393 358	393 383	394 960	394 960
Shares purchased by subsidiaries	(96)	(25)	–	–
	393 262	393 358	394 960	394 960
Reconciliation of Rand value of shares issued (R'000):				
Balance at the beginning of the year	3 967 615	3 968 078	3 979 956	3 979 956
Shares purchased by subsidiaries	(397)	(463)	–	–
	3 967 218	3 967 615	3 979 956	3 979 956
Summary of shares issued ('000)				
Total number of shares issued	394 960	394 960	394 960	394 960
Less: Treasury shares held	(1 698)	(1 602)	–	–
	393 262	393 358	394 960	394 960
Issued (R'000)				
Ordinary no par value shares	3 979 956	3 979 956	3 979 956	3 979 938
Shares purchased by subsidiaries (Treasury shares)	(12 738)	(12 341)	–	–
	3 967 218	3 967 615	3 979 956	3 979 938

	GROUP			COMPANY	
	2021 R'000	2020 Restated R'000	2019 Restated R'000	2021 R'000	2020 R'000
17. Deferred tax					
Deferred tax liability					
Revaluation of investment properties and owner occupied hotel change in use	(1 279 049)	(1 371 235)	(1 305 536)	–	–
Accelerated capital allowances	(134 697)	(119 085)	(107 993)	–	–
Straight-line lease rentals	(40 326)	(43 610)	(43 949)	–	–
Unrealised foreign exchange gain	(7 597)	–	–	–	–
Total deferred tax liability	(1 461 669)	(1 533 930)	(1 457 478)	–	–
Deferred tax asset					
Impairment of investment in subsidiary	–	–	–	17 472	–
Income received in advance	1 862	4 200	3 243	–	–
Capitalised contractual interest	4 959	4 959	3 748	–	–
Trade receivables and prepayments	510	521	(344)	252	–
Trade payables	410	312	267	–	–
Deferred tax balance from temporary differences other than unused tax losses	7 741	9 992	6 914	17 724	–
Tax losses available for set off against future taxable income	52 343	36 630	21 186	1 130	–
	60 084	46 622	28 100	18 854	–
Total deferred tax asset	60 084	46 622	28 100	18 854	–

The Group recognised the deferred tax asset as future taxable profits are deemed sufficient to offset tax losses. The recognition is based on estimates of future taxable profits derived in approved budgets and cash flow forecasts. Assessed losses available for utilisation against future taxable income amounted to R186.9 million (2020: R130.8 million).

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	GROUP			COMPANY	
	2021 R'000	2020 Restated R'000	2019 Restated R'000	2021 R'000	2020 R'000
Deferred tax liability	(1 461 669)	(1 533 930)	(1 457 478)	–	–
Deferred tax asset	60 084	46 622	28 100	18 854	–
Total net deferred tax (liability)/asset	(1 401 585)	(1 487 308)	(1 429 378)	18 854	–
Deferred tax per statement of financial position					
Deferred tax liability	(1 405 000)	(1 489 340)	(1 431 123)	–	–
Deferred tax asset	3 415	2 032	1 745	18 854	–
	(1 401 585)	(1 487 308)	(1 429 378)	18 854	–
Reconciliation of net deferred tax liability					
Balance at the beginning of the year	(1 487 308)	(1 429 378)	(1 220 064)	–	–
Temporary differences on impairment of investment in subsidiary	–	–	–	17 472	–
Temporary differences from assessed loss created in the current year	15 713	15 444	674	1 130	–
Temporary differences relating to current assets	(415)	615	(600)	–	–
Temporary differences on tangible assets	(10 770)	(11 372)	3 260	–	–
Temporary differences on income received in advance	(2 338)	1 238	583	–	–
Temporary differences on capitalised contractual interest	–	1 211	3 748	–	–
Temporary differences on revaluation of investment property and owner-occupied hotel	87 344	(65 697)	(212 492)	–	–
Temporary differences on straight-lining of leases	3 284	289	(4 329)	–	–
Temporary differences on trade payables	98	199	220	–	–
Temporary differences on loss allowance on trade receivables	404	144	(378)	252	–
Temporary differences on unrealised foreign exchange gain	(7 597)	–	–	–	–
	(1 401 585)	(1 487 308)	(1 429 378)	18 854	–

A change in the deferred tax rate from 28% to 27% will result in the current deferred tax liability decreasing by R41 million relating to fair value changes to investment property.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
18. Other financial liabilities				
Held at amortised cost				
Nedbank Limited	–	407	–	407
Nungu Trading 517 Proprietary Limited (Mall@Lebo)	48 826	66 701	–	–
This loan was advanced by Nedbank Limited and currently bears interest at prime minus 140 basis points. This loan terminates on 1 July 2024. The loan in equal monthly installments over the period ending on 1 July 2024. The loan is secured over the Mall@Lebo property (refer to note 3).				
Proc Corp 160 Proprietary Limited – Rand	449 553	564 246	–	–
A funding facility was secured with Standard Bank Limited equal to R700 million during the 2020 financial year. Part of the facility was converted to Euro's in May 2020 with the combined funding to not exceed the equivalent of R700 million. The Rand portion of the loan carries monthly interest at the prime less 180 basis points. The facility is repayable by 31 May 2021 and is secured over Mall@Reds which is a wholly owned subsidiary of Acision Limited (refer to note 3).				
Proc Corp 160 Proprietary Limited – Euro	218 332	–	–	–
The R700 million facility discussed above included €12 002 220 at 28 February 2021, converted to Rands at an exchange rate of R18.191. Interest is paid on the Euro portion of the loan outstanding at Euribor plus 2.02% on a quarterly basis. This facility is repayable by 31 May 2021 and is secured over Mall@Reds (refer to note 3).				
K Anstasi Proprietary Limited	1 405	1 306	–	–
The loan bears interest at prime less approximately 280 basis points, being the Group investment rate, and has no fixed terms of repayment. This related party company of the Group (interest held by Mr K Anastasiadis) deposited its excess cash with the Group, as the Group has obtained a favourable investment rate. The funds can be withdrawn on demand.				
	718 116	632 660	–	407
Split between non-current and current portions				
Non-current liabilities	28 969	48 928	–	–
Current liabilities	689 147	583 732	–	407
	718 116	632 660	–	407

Notes to the annual financial statements continued

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
19. Right-of-use lease liability				
Lease liabilities maturity analysis – contractual undiscounted cash flows				
– within one year	7 793	7 301	–	–
– 2 to 5 years	38 300	35 813	–	–
– 6 to 10 years	50 070	47 699	–	–
– 11 to 15 years	52 624	49 206	–	–
– 16 to 20 years	55 308	50 834	–	–
– 21 to 25 years	58 129	54 354	–	–
– 26 to 30 years	61 095	57 126	–	–
– 31 to 33 years	10 483	21 670	–	–
Total undiscounted cash flows	333 802	324 003	–	–
Reconciliation of liability:				
Balance at the beginning of the year	227 287	209 588	–	–
Interest charged (translated at average exchange rate)	5 442	4 778	–	–
Lease repayments (translated at average exchange rate)	(6 825)	(4 418)	–	–
Foreign currency conversion differences at year-end	10 840	17 339	–	–
	236 744	227 287	–	–
Split between non-current and current portions				
Non-current liabilities	232 667	219 986	–	–
Current liabilities	4 077	7 301	–	–
	236 744	227 287	–	–

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 €255 000 and once completed €510 000. The property is no longer in construction phase as per the agreed lease terms and , consequently,the full annual rental is being charged. Rental is payable monthly in advance. Due to the lower lease payments in construction phase, the initial interest was more than the monthly lease payments. The annual escalation is based on 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. The change in the basis of calculating the lease payment in year 13 is not expected to change the lease payments materially. There were no additions to the right of use asset in the current or prior years. The right-of-use asset is disclosed as part of investment properties (note 3).

It should be noted that the lease liability and right-of-use asset were calculated with reference to 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 initial and subsequent lease periods. Due to the lease denomination in Euros, the Company and Group are exposed to foreign exchange rate risk which will reflect in monthly lease payments on translation to Rands. The exchange rate used to convert Euro to Rands for the relevant asset and liability was R18.19 (2020: R17.18) at reporting date.

The total cash outflow for leases during the 2021 financial year was R6 824 528 (€366 963). Rental concession to the value of R139 289 was received during the year which was treated as other income received.

The finance costs relating to the lease obligation are disclosed in note 25.

In measuring the lease liability, initially, an annual escalation rate of 1% was used for the remainder of the lease term, since this is the minimum annual escalation rate. Should the annual (calendar) Cypriot inflation rate be greater than 1%, the lease liability is remeasured accordingly using the higher lease payments for the remainder of the lease term, but only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect).

The 2020 annual inflation rate in Cyprus was negative 0.63%, which meant that the lease payments for the year commencing 1 January 2021 were actually increased by the minimum escalation rate of 1% which is the rate that has been used in the measurement of the lease liability since inception of the lease.

Since the annual lease cash flows (before escalation as described above) for year 13 and onwards ultimately will be determined at an amount equal to 2.6% of the value of the land as of the end of year 12, but cannot be less than the actual annual lease payments for year 12; the effect of any resultant increase in lease payments will only be reflected in the measurement of the lease liability once the value of the land, as of the end of year 12, has been determined. The value of the land at inception of the lease was €19.6 million.

The undiscounted cash flows disclosed above have been calculated on the same basis as those cash flows used in the measurement of the lease liability.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
20. Trade and other payables				
Financial instruments:				
Trade payables	146 718	89 081	776	236
Unallocated receipts	171	21	–	–
Accrued leave pay	2 426	1 803	899	660
Accrued expenses	40 253	31 889	462	190
Tenant deposits received	62 975	40 453	–	–
Lease fees due	63	46	–	–
Non-financial instruments:				
Amounts received in advance	6 959	15 879	–	–
Value added tax	5 105	6 848	413	24
	264 670	186 020	2 550	1 110
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.				
21. Revenue from tenants and customers				
Management fee income*	–	–	7 143	8 639
Collection commission	192	201	–	–
Royalty income	–	1 616	–	–
Rental income on investment property	548 828	530 954	–	–
Utility cost recovery	160 019	155 236	–	–
Operating lease straight-line rental (note 5)	(11 730)	(1 034)	–	–
	697 309	686 973	7 143	8 639
* Management fee income earned by the Company was previously presented as other operating income in the statement of profit or loss and other comprehensive income. Since this represents the main source of income of the Company it should be presented as revenue. Accordingly, the comparative figures for the previous financial year have been reclassified.				
Utility cost recovery income included in revenue above consists of:				
Electricity	110 704	111 974	–	–
Rates	36 064	29 912	–	–
Refuse	4 980	4 812	–	–
Sewerage	2 712	2 633	–	–
Water	5 310	5 676	–	–
Gas	249	231	–	–
	160 019	155 238	–	–

Rental income is recognised on a straight-line basis over the lease term, but is invoiced monthly based on contract terms. Any doubt about whether the Group is entitled, legally, to charge rent (for example, where country rules on COVID-19 prevented tenants from having free access to their premises) is ignored when determining the amount of rental income to be recognised. To the extent there is such doubt, an expense is recognised as an expected credit loss provision against the trade receivable. Refer to Note 39 regarding revenue treatment arising from the advent of COVID 19 for the six months ended 31 August 2020.

Notes to the annual financial statements continued

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
22. Other operating income				
Administration fees	519	270	–	–
Early lease cancellation fees	353	906	–	–
Legal fee recovery	329	35	–	–
Bad debts recovered	253	969	–	–
Other operational recoveries	219	7	–	–
Other income	204	194	–	–
Loss on sale of assets	–	(52)	–	–
	1 877	2 329	–	–
Other operating income of the company for the prior year has been reclassified. Refer to note 21.				
23. Operating profit/(loss)				
Operating profit/(loss) for the year is stated after the inclusion of the following:				
Auditor's remuneration – external				
Audit fees	2 393	2 040	2 318	1 924
Auditor's remuneration – internal	181	186	–	–
Employee costs				
Salaries, directors' fees, wages, bonuses and other benefits	26 672	30 036	5 134	5 613
Study fees	202	218	–	–
Staff welfare	–	3	–	–
Total employee costs	26 874	30 257	5 134	5 613
Depreciation				
Depreciation of plant and equipment	32 341	53 933	–	–
Bad debt impairments				
Bad debts	71 952	3 722	–	–
Municipal charges				
Municipal charges	137 403	129 414	–	–
Investment and other impairments				
Impairment of investment in Southern Palace 108 Proprietary Limited	–	–	78 000	–
Impairment of investment in Bengavista Proprietary Limited	–	–	2 728	–
Impairment of owner occupied hotel	93 576	–	–	–
Property expenses				
Cleaning	6 801	8 280	–	–
Security	8 704	9 579	–	–
Investment property repairs & maintenance	729	3 497	–	–
24. Investment income (Group)/ Interest revenue (Company)				
Dividend income: Associate entities				
Silver Crest Trading 134 Proprietary Limited	–	1 199	–	–
Interest revenue				
From investments:				
Bank and other cash	5 508	12 954	1 029	339
Tenant interest received	6 638	–	–	–
South African Revenue Service	–	18	–	–
Other interest received**	(4 560)	–	(4 560)	–
From loans to Group companies:				
Subsidiaries	–	–	–	46 448
Total interest revenue*	7 586	12 972	(3 531)	46 787
Total investment income	7 586	14 171	(3 531)	46 787

* Interest earned by the Company was previously presented as investment income and excluded from operating profit on the statement of profit or loss and other comprehensive income. Since providing loans to Group companies is part of the ordinary activities of the Company, being a holding company, interest earned should be presented as interest revenue and included in operating profit. Accordingly, the comparative figures for the prior year have been reclassified.

** In prior year, interest was incorrectly raised on a fellow shareholder in a subsidiary company. This interest income has been reversed in the current year in interest revenue.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
25. Finance costs				
Trade and other payables	325	60	–	–
Other financial liabilities	32 562	58 575	17	46 448
South African Revenue Services	1	13	–	–
Interest on lease obligations (Right-of-use asset – note 19)	5 442	4 778	–	–
Related parties	75	339	–	–
Total finance costs	38 405	63 765	17	46 448
26. Taxation				
Major components of the tax expense/(income)				
Current				
Local income tax – current year	97 862	104 656	–	–
Prior year under/(over) provision	(362)	–	194	–
	97 500	104 656	194	–
Deferred				
Originating and reversing temporary differences	(51 244)	74 715	(17 724)	–
Capitalised contractual interest	–	(1 211)	–	–
Assessed loss utilised	–	(15 444)	(1 130)	–
Prior period under/(over) provision	(11 799)	–	–	–
	(60 043)	58 060	18 854	–
	34 457	162 716	(18 660)	–

On a company level, no deferred tax asset has been raised against the impairment of the investment in Fortuvovx Proprietary Limited of R199,8 million (Refer to note 9). The Group has no near-term intention to sell any assets that may generate a capital gain for tax purposes.

On a company level, a deferred tax asset of R174 million (at capital gains tax rate) has been raised against the impairment of R78 million investment in Southern Palace Investments 108 Proprietary Limited (Refer to note 9). It is expected that the losses will be recovered through future profitable income earned from the underlying investment.

	GROUP		COMPANY	
	2021 %	2020 %	2021 %	2020 %
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	28.0	28.0	28.0	28.0
Capital gains tax realised on sale of assets	0.8	–	–	–
Capital gains tax exemption on fair value of investment property	(2.3)	(2.2)	–	–
Impairment of investment in associate	–	0.1	–	–
Impairment of owner occupied hotel	16.9	–	–	–
Learnership allowance	(0.1)	–	–	–
Capitalised contractual interest	–	(0.2)	–	–
Non-taxable income	–	(0.1)	–	–
Assessed loss not recognised	–	(0.3)	–	–
Difference in tax rate between jurisdictions	0.1	(0.5)	–	–
Prior period overprovision	(9.9)	–	(3.4)	–
Non-deductible expenses	(0.2)	–	(3.7)	–
	33.7	24.8	20.9	28.0

Notes to the annual financial statements continued

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
27. Earnings, headline earnings, net asset value and proposed dividend per share				
Basic earnings and diluted earnings per share Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.				
Basic earnings per share From continuing operations (cents per share)	6 01	123 40	–	–
Basic earnings per share was based on earnings of R23.6 million (2020: earnings of R485.4 million) and a weighted average number of ordinary shares of 393.3 million (2020: 393.3 million).				
Reconciliation of profit or loss for the year to basic earnings Profit or loss for the year attributable to equity holders of the parent	67 686	490 903	–	–
Adjusted for: Earnings attributable to non-controlling interest	(44 054)	(5 480)	–	–
Profit for the purposes of basic and diluted earnings per share	23 632	485 423	–	–
Diluted earnings per share From continuing operations (cents per share)	6 01	123 40	–	–
Diluted earnings per share is equal to earnings per share because there are no potential dilutive ordinary shares in issue.				
Headline earnings and diluted headline earnings per share Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary share outstanding during a 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.				
Headline earnings per share (cents)	71.32	65.61	–	–
Diluted headline earnings per share (cents)	71.32	65.61	–	–
Reconciliation between earnings and headline earnings Basic earnings	23 631	485 423	–	–
Adjusted for: Fair value property adjustments	181 260	(236 374)	–	–
Taxation attributable to fair value changes	(53 016)	–	–	–
Impairment loss – owner-occupied hotel	93 576	–	–	–
Taxation attributable to impairment loss-owner occupied hotel	(8 944)	–	–	–
Loss on sale of investment property	1 430	–	–	–
Taxation on asset disposal losses	(320)	–	–	–
Non-controlling interest relating to fair value adjustment	42 913	7 500	–	–
Loss on investment in associate	–	1 541	–	–
Headline profit for the purposes of basic and diluted headline earnings per share	280 530	258 090	–	–

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

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

Proposed dividend per share

No dividend has been proposed as at 28 February 2021 (2020: nil).

Net asset value ("NAV") per share and NAV per share excluding deferred taxation

	2021 R'000	2020 Restated R'000	2020 Restated R'000
NAV per share (cents) ⁽¹⁾	1 795.40	1 789.43	1 661.91
NAV per share excluding deferred taxation (cents) ⁽²⁾	2 152.80	2 167.54	2 025.27

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

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
28. Cash generated from/(used in) operations				
Profit/(loss) before taxation	102 142	653 619	(86 424)	(627)
Adjustments for:				
Depreciation	32 345	53 933	–	–
Dividends received	–	(1 199)	–	–
Investment income	(14 753)	(12 972)	3 531	(46 787)
Finance costs	46 354	63 765	17	46 448
Fair value changes	181 256	(304 606)	–	–
Movements in operating lease assets	11 728	1 033	–	–
Movements in provisions	2 070	795	–	–
Write off of/investment in Group companies	–	1 541	–	–
Investment property expensed	–	19 828	–	–
Loss on sale of investment property	1 431	–	–	–
Increase in investment in subsidiary	–	–	(4 991)	–
Impairment of investment in subsidiaries	–	–	80 727	–
Impairment of owner-occupied hotel	93 576	–	–	–
Changes in working capital:				
Trade and other receivables	(29 080)	45 762	4 560	22
Investment property – insurance receivable	–	(45 951)	–	–
Trade and other payables	77 634	57 756	1 444	(3 830)
	504 703	533 304	(1 136)	(4 774)

Notes to the annual financial statements continued

for the year ended 28 February 2021

29. Contingencies

Guarantees received

The various Group companies have contingent assets in the form of guarantees provided by tenants that total R16.5 million (2020: R19.5 million).

The breakdown per subsidiary is as follows:

	2021 R'm	2020 R'm
• Bengavista Proprietary Limited	–	–
• DAJM Property Investment Proprietary Limited	0.1	0.1
• Daybreak Properties 3 Proprietary Limited	0.8	1.0
• Double Ring Trading 62 Proprietary Limited	0.9	1.2
• Golden Falls 125 Proprietary Limited	7.5	9.6
• Nabuvax Proprietary Limited	1.0	1.1
• Nungu Trading 517 Proprietary Limited	0.6	0.7
• Proc Corp 160 Proprietary Limited	4.3	4.6
• Rubensmen Proprietary Limited	0.6	0.4
• Zarafusion Proprietary Limited	0.7	0.8

Operating leases – as lessor (income R'000)

Operating lease income represents contractual rental received by the Group for its properties. Expected undiscounted contractual inflows based on current rental contracts are as follows at 28 February 2021:

	Year 1 (R'000)	Between 2 to 5 years (R'000)	More than 5 years (R'000)
Minimum lease contractual cash inflows	469 316	816 223	164 677
Straight-line rental adjustment	(22 929)	(77 143)	(42 806)
Future revenue	446 387	739 080	121 871

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 payments in Cyprus or payment guarantees for construction projects. As at year-end, the Group has issued R25.1 million (2020: R24.4 million) in guarantees for this purpose. None of these guarantees are expected to terminate in the near future.

Capital commitments:

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

	2021 R'000	2020 R'000
Investment property – Acsiopolis (approximate)	450 000	390 000
Investment property – Larnaca (Cyprus) (estimate)	125 000	459 000

30. Related parties

Relationships	
Subsidiaries in the Group	Bengavista Proprietary Limited (Hyde Park Terrace) Bengavox Proprietary Limited (Mall@Frankfort) DAJM Property Investment Proprietary Limited (Simarlo Rainbow) Daybreak Properties 3 Proprietary Limited (Mall@Moutsiya) Double Ring Trading 62 Proprietary Limited (Mall@Emba) Fortuvox Proprietary Limited (Mall@Maputo) Golden Falls 125 Proprietary Limited (Mall@Carnival) Lomastep Proprietary Limited (Acsiopolis) Nabuvax Proprietary Limited (Mall@55 and Trade@55) Nungu Trading 517 Proprietary Limited (Mall@Lebo) Proc Corp 160 Proprietary Limited (Mall@Reds) Rubensmen Proprietary Limited (Moreleta Square) Southern Palace Investments 108 Proprietary Limited (Anaprop Property Management) Zarafusion Proprietary Limited (Mall@Mfula) Zudolex Proprietary Limited Zudonetix Proprietary Limited Ornelia Developments Limited (Cyprus) Zudolex Cyprus Limited (Cyprus) K Anastasiadis (executive) S le Roux (executive) TSB Jali (non-executive) M Hlobo (non-executive) PD Sekete (non-executive)
Directors	
Associates	Silver Crest Trading 134 Proprietary Limited
Shareholder with significant influence	Fortutrax Proprietary Limited (Shareholder of Acsion Limited) (75.53%)
Shareholder with minority interest	RA Dlamini (45% in Zarafusion Proprietary Limited) Three Five Theda Proprietary Limited (1% in Zudolex Cyprus Limited) Johnas Investments Limited (1% in Zudolex Cyprus Limited) Astridonia Limited (1% in Zudolex Cyprus Limited) Ioannis Anastasiadis (1% in Zudolex Cyprus Limited) Michail Flourentzou 0.5% (in Zudolex Cyprus Limited)
Other related parties (interests held by director)	Sapfo Proprietary Limited (Mr K Anastasiadis) K Anastasi Projects Proprietary Limited (Anastasi Construction) (Mr K Anastasiadis) E Anastasiadis (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 (Mrs J Anastasiadis)
Company Secretarial	MWRK Accountants and Auditors Inc.

Notes to the annual financial statements continued

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	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
30. Related parties (continued)				
Related party balances				
Loan accounts – loans to related parties				
Southern Palace Investments 108 Proprietary Limited	–	–	(424 090)	(426 899)
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
Zudolex Proprietary Limited	–	–	3 258	3 258
Lomastep Proprietary Limited	–	–	199 327	199 327
K Anastasi Projects Proprietary Limited	(1 405)	(1 306)	–	–
RA Dlamini	(506)	4 053	–	–
A Nicoloudakis	(909)	(859)	–	–
I Anastasiadis	(909)	(781)	–	–
D Thomas	(909)	(859)	–	–
Three Five Theda Proprietary Limited	(909)	(781)	–	–
Amounts included in trade receivable due by related parties				
Sapfo Proprietary Limited	68	9	–	–
Amounts included in trade payables due by related parties				
K Anastasi Projects Proprietary Limited	75	75	–	–
Related party transactions				
Interest paid to/(received from) related parties				
Lomastep Proprietary Limited	–	–	–	(14 905)
K Anastasi Projects Proprietary Limited	75	339	–	–
Southern Palace Investments 108 Proprietary Limited	–	–	–	(31 554)
Purchases from related parties				
K Anastasi Projects Proprietary Limited (Anastasi Construction)	289 543	70 436	–	–
MWRK Accountants and Auditors Inc				
Advisory fees	104	–	46	–
Statutory fees	211	–	178	–
Internal audit	181	–	186	–
Management fees received from related parties				
Southern Palace Investments 108 Proprietary Limited	–	–	7 143	8 639
Collection and letting commission				
Sapfo Proprietary Limited	138	171	–	–

Normal guarantees furnished by construction companies were waived as construction is done by K Anastasi Projects Proprietary Limited.

Refer to note 31 for key management disclosure.

31. Directors' and prescribed officer's emoluments

The directors' emoluments below were paid by Acsion Limited (the "Company"). Directors' compensation as salaried employees for Group and Company are the same.

	Salary R'000	Travel allowance R'000	Total R'000
Executive directors			
2021			
K Anastasiadis	2 538	120	2 658
S le Roux	1 323	–	1 323
	3 861	120	3 981
2020			
K Anastasiadis	2 948	–	2 948
S le Roux	1 283	148	1 431
	4 231	148	4 379

	Directors' fees R'000	Total R'000
Non-executive directors		
2021		
DJ Green	110	110
PD Sekete	221	221
M Hlobo	221	221
TSB Jali	221	221
HN Bila	110	110
	883	883
2020		
DJ Green	215	215
PD Sekete	215	215
M Hlobo	215	215
TSB Jali	215	215
HN Bila	215	215
	1 075	1 075

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31. Directors' and prescribed officer's emoluments (continued)

	Salary R'000	Bonus R'000	Leave paid out	Travel allowance R'000	Total R'000
Prescribed officers 2021					
I Anastasiadis	1 152	–	–	–	1 152
A Nicoloudakis	1 261	–	–	–	1 261
AN Kyriazis	1 260	–	–	–	1 260
D Thomas	1 253	105	315	8	1 681
	4 926	105	315	8	5 354

	Salary R'000	Bonus R'000	Travel allowance R'000	Total R'000
Prescribed officers 2020				
I Anastasiadis	1 220	104	51	1 375
A Nicoloudakis	1 154	92	–	1 246
AN Kyriazis	1 260	103	–	1 363
D Thomas	1 220	–	51	1 271
	4 854	299	102	5 255

32. Going concern

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

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

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 30 June 2022 and the current financial position. For the year ended 28 February 2021, the current liabilities exceed the current assets for the Group mostly due to the expiry of the main Group facility, currently secured over Proc Corp 160 Proprietary Limited, at the end of May 2021 requiring a repayment of approximately R688 million. A new facility of approximately R963 million has been secured over Golden Falls 125 Proprietary Limited (a subsidiary within the Group) to replace the expiring facility. Information on the terms and conditions of the facility as well as the assessment of Group liquidity is discussed later on in this note.

At company level the current liabilities also exceed the current assets at 28 February 2021 and for that reason a letter of support has been obtained from Southern Palace Investments 108 Proprietary Limited, the management company within the Group. The letter of support gives Acsion Limited assurance that the loan due to Southern Palace 108 Proprietary Limited of R424 million will not be called in until the company's liquidity is established and not jeopardised by such repayment.

Solvency information at 28 February 2021

	R'000
Solvency	
Net asset value	7 165 720
Group liquidity information over next 12 months	
Net current liabilities at year-end	(804 574)
Rand-based revolving credit facility raised with Standard Bank repayable after 36 months, bearing quarterly interest at the 3 month JIBAR rate + 2.02%	300 000
Rand-based term loan facility raised with Standard Bank repayable after 36 months bearing quarterly interest at the 3 month JIBAR rate + 2.15%	300 000
€20 000 000 Euro-based borrowings raised with Standard Bank repayable after 12 months by June 2022	363 820
Interest payable quarterly commencing in June 2021 at the 3 month Euribor rate + 1.7%*	(525 000)
Property development cost commitments	
	(365 754)
* Refer to comment at the end of this note under security provided for the new facility.	
Liquidity ratio for the Group as at 28 February 2021:	
Current ratio to 1	0.19
Acid test ratio to 1	0.15

The Group has replaced the expiring facility of R700 million in May 2021 with a new facility as discussed in this note. Any shortfall on funding obtained from this source will be supplemented by operational cash generation and by obtaining additional mortgage borrowings against investment properties based on current low loan to value gearing ratio of the Group.

Given the Group's very low loan to value gearing ratio of 9.85%, its sound profit to cash generation and its ability to raise further funding if needed, the Group is confident it is able to trade as a going concern for the forthcoming year and beyond. This confidence is further enhanced by the fact that the Mall@Larnaca has consumed cash for construction over the last two years, but will generate positive cash flows after opening in July 2021, currently estimated at approximately R13 million per month.

Security for the new Standard Bank facility raised in May 2021:

	Security value R'000	Year-end property value R'000
Security description		
The Mall@Carnival	1 300 000	2 444 666

The security over Mall@Carnival is for a period of three years although the Euro portion of the facility is repayable within 12 months. Management believes that this portion can be relatively easily extended for a further period should it be required.

Debt covenant requirements at 28 February 2021
Covenants as at 28 February 2021 for bank borrowings secured over Proc Corp 160 Proprietary Limited expiring at the end of May 2021 were as follows:

Covenant description (Trigger)	Covenant	Achieved 2021
Acsion Limited Group Corporate loan to value (maximum) Maximum ratio of total Group indebtedness to the most recent property holdings value	45%	8%
Acsion Limited Group Corporate interest cover ratio (minimum) Minimum ratio of net rental income to net interest incurred	1.6	12.07
Proc Corp 160 Proprietary Limited Maximum corporate loan to property value	65%	48%
Proc Corp 160 Proprietary Limited Minimum corporate interest cover ratio	1.6%	2.25%

None of the covenants were breached or were within close proximity of being breached.

There are no specific covenants relating to the facility which Nungu Trading 517 Proprietary Limited has with Nedbank Limited.

Notes to the annual financial statements continued

for the year ended 28 February 2021

33. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

	Notes	Financial assets at amortised cost	Fair value through profit or loss	Non-financial assets	Total
Group – 2021 (R'000)					
Goodwill	7	–	–	625 464	625 464
Investment property	3	–	8 242 773	–	8 242 773
Property, plant and equipment	4	–	–	645 639	645 639
Operating lease asset	5	–	–	144 021	144 021
Intangible development project assets	8	–	–	165	165
Other financial assets	10	539	–	–	539
Trade and other receivables	14	30 508	–	30 306	60 814
Current tax receivable		–	–	1 124	1 124
Cash and cash equivalents	15	65 623	–	–	65 623
Deferred tax asset	17	–	–	3 415	3 415
Inventories	13	39 592	–	–	39 592
		136 262	8 242 773	1 450 134	9 829 169
Group – 2020 (R'000)					
Goodwill	7	–	–	625 464	625 464
Investment property	3	–	7 854 029	–	7 854 029
Property, plant and equipment	4	–	–	747 674	747 674
Loans to shareholders	12	4 053	–	–	4 053
Operating lease asset	5	–	–	155 749	155 749
Intangible development project assets	8	–	–	165	165
Other financial assets	10	–	–	5 432	5 432
Trade and other receivables	14	17 628	–	8 592	26 220
Current tax receivable		–	–	2 213	2 213
Cash and cash equivalents	15	223 080	–	–	223 080
Deferred tax asset	17	–	–	2 032	2 032
		244 761	7 854 029	1 547 321	9 646 111

	Notes	Financial assets at amortised cost	Non-financial assets	Total
Company – 2021 (R'000)				
Investments in subsidiaries	9	3 607 825	–	3 607 825
Loans to group companies	11	325 232	–	325 232
Cash and cash equivalents	15	12 794	–	12 794
Deferred tax asset	17	–	18 854	18 854
		3 945 851	18 854	3 964 705
Company – 2020 (R'000)				
Investments in subsidiaries	9	3 683 562	–	3 683 562
Loans to group companies	11	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
		4 034 049	194	4 034 243

Categories of financial liabilities

	Notes	Financial liabilities at amortised cost	Non-financial liabilities	Total
Group – 2021 (R'000)				
Trade and other payables	20	252 609	12 061	264 670
Loans from shareholders	12	4 142	–	4 142
Right-of-use lease liabilities	19	–	236 744	236 744
Dividend payable		6	–	6
Other financial liabilities	18	718 116	–	718 116
Provisions		–	6 564	6 564
Deferred tax liability	17	–	1 405 000	1 405 000
Current tax payable		–	28 207	28 207
		974 873	1 688 576	2 663 449
Group – 2020 (R'000)				
Trade and other payables	20	163 293	22 727	186 020
Loans from shareholders	12	3 280	–	3 280
Right-of-use lease liability	19	–	227 287	227 287
Dividend payable		6	–	6
Other financial liabilities	18	632 660	–	632 660
Provisions		–	4 529	4 529
Current tax payable		–	3 078	3 078
Deferred tax liability	17	–	1 489 340	1 489 340
		799 239	1 746 961	2 546 209

	Notes	Financial liabilities at amortised cost	Non-financial liabilities	Total
Company – 2021 (R'000)				
Trade and other payables	20	2 141	409	2 550
Loans from group companies	11	424 090	–	424 090
Dividend payable		6	–	6
		426 237	409	426 646
Company – 2020 (R'000)				
Trade and other payables	20	1 086	24	1 110
Loans from group companies	11	426 899	–	426 899
Dividend payable		6	–	6
Other financial liabilities	18	407	–	407
		428 398	24	428 422

Notes to the annual financial statements continued

for the year ended 28 February 2021

33. Financial instruments and risk management (continued)

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 10, 11, 12, 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 28 February 2021 is 9.85% (2020: 4.68%). 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 a property loan to value ratio below 45%.

From time to time, the Group repurchases its shares on the market in terms of approval obtained at the Annual General Meeting. There is no defined share buyback plan.

Financial risk management

Credit risk

Credit risk is the risk of loss that may occur from the failure of any party (default) 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 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 exposure to any one institution.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to defaulting 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 are used.

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. The maximum exposure to credit risk is presented in the table below:

GROUP						
2021				2020		
		Gross carrying amount	Credit loss allowance	Amortised cost/fair value	Gross carrying amount	Amortised cost/fair value
Trade and other receivables	14	31 989	(1 481)	30 508	20 375	17 629
Cash and cash equivalents	15	65 623	–	65 623	223 080	223 080
		97 612	(1 481)	96 131	243 455	240 709

COMPANY						
2021				2020		
		Gross carrying amount	Credit loss allowance	Amortised cost/fair value	Gross carrying amount	Amortised cost/fair value
Loans to group companies	11	325 232	–	325 232	63 512	63 512
Cash and cash equivalents	15	12 794	–	12 794	20 695	20 695
		338 026	–	338 026	84 207	84 207

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	2 to 5 years	Over 5 years
Group – 2021				
Financial liabilities	18	689 147	27 008	1 961
Right-of-use lease liability	19	7 793	38 300	287 709
		696 940	65 308	289 670

Refer to note 19 for more detail on undiscounted cash flows due after five years.

The right-of-use liability is to be settled in Euro. The year-end conversion rate used was R18.19 (2020: R17.18).

		Less than 1 year	2 to 5 years	Over 5 years
Group – 2020				
Non-current liabilities				
Financial liabilities	18	583 752	42 992	5 936
Right-of-use lease liability	19	7 301	35 813	280 889
		591 053	78 805	286 825

Foreign currency risk

The Group is exposed to foreign currency risk as a result of certain borrowings and leases which are denominated in foreign currencies. Exchange rate exposure is managed within approved policy parameters. The foreign currency in which the Group deals is, primarily Euros.

Exposure in Rand

The net carrying amount, in Rand, of the current exposure, is denominated in the following currency. The amount has been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date:

		Less than 1 year	2 to 5 years	Over 5 years
Euro exposure				
Current liabilities				
Other financial liabilities	18	(218 332)	–	–
Net Euro exposure		(218 332)	–	–
Exchange rates				
The following closing exchange rates were applied at reporting date:				
Rand per unit of foreign currency:				
Euro				
		18.191	17.180	

The average exchange rate to the Euro for the year was R19.00 (2020: R16.25).

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Notes to the annual financial statements continued

for the year ended 28 February 2021

33. Financial instruments and risk management (continued)

Exposure in Rand (continued)

Group	2021 R'000	2021 R'000	2020 R'000	2020 R'000
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss (R'000):				
Euro 1% (2020: 1%)	(1 571)	1 571	–	–

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 in the interest rate would be a maximum increase or decrease of R5.170 million (2020: R4.555 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 a changing the current policy.

34. Events after the reporting period

There have been no material events identified subsequent to year-end which would have an impact on the financial statements except for inter-compan dividends declared of R200 million to Acsion Limited during March 2021 and the replacement of the previous Group facility of R700 million that expired end of May 2021 and was replaced with a new facility. Refer to note 32 for more detail on the new facility.

Subsequent to year-end 8 million Acsion shares were repurchased by one of the subsidiaries in the group at a price of R4 per share from the Papas Trust.

35. Segmental reporting

Due to the current investment property exposure heavily weighted (97%) towards retail, the Chief Operating Decision-Maker considers the operations to be a single operating segment and as such reviews the financial information on that basis. Segment reporting as required in terms of IFRS 8: *Operating Segments* is therefore not applicable to the Group at present.

All revenues earned are attributable to South Africa and is derived from the investment property portfolio. No revenue earned from an individual customer exceeds 10%. These conclusions will be reconsidered at each reporting date.

From a geographical perspective, five 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 of one another.

Once Mall@Larnaca is completed, there will be a property in Cyprus generating income.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
36. Non-controlling interests				
Opening balance	61 045	55 565	–	–
Profit for the year	44 054	5 480	–	–
	105 099	61 045	–	–

The non-controlling interest balance recognised is in relation to the following companies:

Zarafusion Proprietary Limited (South Africa)	45.0% shareholding
Zudolex Cyprus Limited (Cyprus)	4.5% shareholding

The following summarised information for Zarafusion Proprietary Limited is stated before intercompany eliminations.

	COMPANY	
	2021 R'000	2020 R'000
Revenue	40 025	39 717
Operating profit	17 553	6 189
Investment income	321	–
Finance costs	(21 405)	(12 426)
Fair value adjustments	69 568	21 479
Profit before tax	66 037	15 242
Taxation	(12 866)	(3 066)
Profit for the year	53 171	12 176
Profit attributable to non-controlling interest	23 927	5 480
Non-current assets	369 121	309 138
Current assets	4 422	2 757
Non-current liabilities	(51 814)	(38 948)
Current liabilities	(136 190)	(140 579)
Net assets	185 539	132 368
Net assets attributable to non-controlling interest	83 493	59 566
Cash flows from operating activities	4 211	14 162
Cash flows from investing activities	(38)	(15)
Cash flows from financing activities	(4 165)	(14 142)
Net increase in cash and cash equivalents	8	5

The following summarised information for Zudolex Cyprus Limited is stated before intercompany eliminations.

	2021 R'000	2020 R'000
Revenue	5 987	
Operating profit	39 925	
Finance costs	(7 159)	
Fair value adjustments	517 229	
Profit before tax	549 995	
Taxation	(104 497)	
Profit for the year	445 498	
Other comprehensive income	1 780	
Profit attributable to non-controlling interest	20 128	
Non-current assets	1 447 628	
Current assets	22 657	
Non-current liabilities	(348 776)	
Current liabilities	(641 366)	
Net assets	480 143	
Net assets attributable to non-controlling interest	21 606	
Cash flows from operating activities	62 497	
Cash flows from investing activities	(345 777)	
Cash flows from financing activities	(283 117)	
Effect of foreign exchange rate movement on cash balances	(14 445)	
Net increase in cash and cash equivalents	(580 842)	

The Year-end conversion of Cyprus operations was done at an exchange rate of R18.191.

The average exchange rate was approximately R19.00 to the Euro for the financial year.

Notes to the annual financial statements continued

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
37. Tax paid				
Balance at the beginning of the year	(865)	(2 243)	194	194
Normal tax transfer to deferred tax	(494)	–	–	–
Current tax for the year recognised in profit or loss	(97 500)	(104 656)	(194)	–
Balance at the end of the year	27 083	865	–	(194)
	(71 776)	(106 034)	–	–

38. Prior year errors

The correction of the error(s) results in the following adjustments consolidated Group results:

Statement of financial position

	Intangible development project asset R'000	Deferred tax asset R'000	Retained income R'000	Revaluation reserve R'000	Deferred tax liability R'000
28 February 2019					
As previously reported	233 296	24 352	2 828 881	22 567	(1 405 014)
Consolidation error (note 1)	–	–	(29 862)	–	(29 862)
Use rate error (note 2)	–	–	–	(18 854)	(18 854)
Reclassification (note 3)	–	(22 607)	–	–	22 607
Project impairment (note 4)	(199 835)	–	(199 835)	–	–
Asset overstatement (note 5)	(33 296)	–	(33 296)	–	–
As currently reported	165	1 745	2 565 888	3 713	(1 431 123)

	Deferred tax asset	Deferred tax liability
29 February 2020 (Note 17)		
As previously reported	46 622	(1 485 214)
Reclassification (note 3)	(44 590)	44 590
2019 restatements (notes 1 and 2)	–	(48 716)
As currently reported	2 032	(1 489 340)

Note 1

Deferred taxation attributable to assets raised on consolidation not required.

Note 2

Deferred taxation attributable to change of intention to owner occupied for Acsiopolis Hotel omitted in error in 2019.

Note 3

Reclassification of deferred tax assets to deferred tax liabilities.

Note 4

Upon listing, the Group acquired a previously negotiated project with the Mozambican government for the development of a parcel of land outside Maputo valued at R200 million in a share-based transaction. Since this time no conditions precedent or developments have been actioned by either party. The delays in actioning the agreement have been attributed to the change in the Mozambican government, adverse economic and fiscal constraints, unfavourable exchange rates and challenges faced by other developers in the region over the past number of years. The current year valuation indicated that the asset is fully impaired. On further investigation, management was of the view that the asset had unfavourable indicators in prior years. Under these circumstances, management made a decision to impair the intangible asset in a prior year.

Note 5

Acsiopolis hotel development intangible arising at acquisition, previously amortised over the project period resulting in an asset overstatement on consolidation, now reversed with retrospective effect.

The correction of the error(s) results in adjustments as follows for the Company results:

Statement of financial position

	Investments in subsidiaries (R'000)	Accumulated loss (R'000)
28 February 2019		
As previously reported	3 910 682	(146 388)
Investment in subsidiary written off (note 6)	(27 285)	(27 285)
Investment in subsidiary impaired (note 7)	(199 835)	(199 835)
As currently reported	3 683 562	(373 508)

29 February 2020		
As previously reported	3 910 682	(147 015)
Investment in subsidiary written off (note 6)	(27 285)	(27 285)
Investment in subsidiary impaired (note 7)	(199 835)	(199 835)
As currently reported	3 683 562	(374 135)

Notes to the annual financial statements continued

for the year ended 28 February 2021

38. Prior year errors (continued)

Note 6

The investment in Nabuvax Proprietary Limited was raised at an incorrect acquisition cost by the holding company. The incorrect acquisition cost arose as a result of incorrect equity earnings which were accounted for pre taxation. The carrying amount of the equity investment was declared as a dividend in specie resulting in the excess cost. Therefore the cost of the investment was written off with retrospective effect.

Note 7

The investment in Fortuvox Proprietary Limited was raised based on the value of the Maputo project as per restatement note 4 above. The impairment of the development project resulted in the impairment of the investment in the subsidiary.

39. COVID-19 tenant relief and impairments

Approximately R83 million of rental income related to the period of the COVID-19 lockdown in 2020 during which time many tenants were prevented from having free access to their premises as a result of the government’s COVID regulations. At the time, there was significant doubt as to whether the Group was legally entitled to charge tenants for this period. Subsequently, the Group agreed to grant R11.7 million of rental relief in respect of this period, and collected approximately R18.5 million of the R83 million rental income. The Group thus recognised all rental income for the year ended 28 February 2021 in respect of the 2020 COVID-19 lockdown period. Since there remains doubt about the legal right to recover approximately R52.8 million from the tenants, this amount has been expensed and is included in the expected credit loss expense for the current year.

The relief was provided by way of rental discounts with the discounts provided mostly to retail line shops, restaurants, fast food and entertainment tenants, being the tenant categories most severely affected during lockdown. Of the R11.7 million of rental discounts provided, R4.5 million related to relief provided to large national retailers based on negotiations on rental relief proposals received from these tenants. The balance of relief was mostly negotiated on a Group specific storage-based methodology. The discounts that were accepted by tenants to date resulted in R11.7 million in aggregate income loss within the retail sector, being the dominant sector for the Group’s operations.

Rental discounts provided to date comprise the following broad categories:

Restaurants and fast foods	R3.1 million
Entertainment	R0.7 million
Other retailers	R7.9 million

Discounts and impairments relating to COVID-19 tenant dues (excluding VAT) for the year ended 28 February 2021 are set out below:

COVID relief granted	R’000
The Mall@55 and Trade 55 (Nabuvax Proprietary Limited)	420
The Mall@Carnival (Golden Falls Trading 125 Proprietary Limited)	6 427
The Mall@Emba (Double Ring Trading 62 Proprietary Limited)	844
The Mall@Lebo (Nungu Proprietary Limited)	516
The Mall@Mfula (Zarafusion Proprietary Limited)	294
The Mall@Moutsiya (Daybreak Properties 3 Proprietary Limited)	212
The Mall@Reds (Proc Corp 160 Proprietary Limited)	2 401
Moreleta Square (Rubensmen Proprietary Limited)	521
Simarilo Rainbow (DAJM Properties Proprietary Limited)	69
Total COVID-19 relief attributable to rentals	11 704
Bad debt / impairment attributable to COVID-19	52 803
Total COVID-19 tenant dues not recoverable	64 507

Rental income for the six months ended 31 August 2020

In the 2020 interim results, approximately R83 million of rental income was not recognised because there was significant doubt as to whether the Group was legally entitled to charge tenants for the COVID-19 lockdown period in 2020 during which time many tenants were deprived of free access to their premises as a result of the government’s COVID-19 regulations. No tenant relief had been provided by 31 August 2020. During the JSE’s proactive monitoring review process on the 2020 interims, the JSE concluded that this accounting treatment was incorrect and that IFRS16 Leases requires the total rental income specified in the lease contract to be recognised as rental income on a straight-line basis over the lease term without regard for whether some of the lease payments are legally enforceable or not. A separate expense (either expected credit loss or bad debt) should be recognised to the extent the amount of income recognised is not expected to be collected for whatever reason. Accordingly, the 2020 interim results presented as comparative figures in the 2021 Interim results will be restated. The annual financial statements for the year ended 28 February 2021 have been prepared on this revised basis. Refer to note 21.

The impact on the unaudited interim results for the six months ended 31 August 2020, as a result of the above rental revenue recognition treatment, are set out below:

	Restated interim results 2020 R’000	Published interim results 2020 R’000
Revenue	347 525	264 522
Other operating expenses	(203 195)	(120 192)

40. Additional property disclosures regarding the investment property portfolio

This note is just an extract of the actual note as included in the audited Annual Financial Statements which is available on the website at <https://www.acsionsa.co.za/results.htm>. For Integrated Report purposes the remainder of the information is presented as graphs in the property portfolio section starting on page 6. Information not disclosed there is the following:

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

	Feb 2022	Feb 2023	Feb 2024	Feb 2025	After Feb 2025
Metropolitan retail	35%	22%	18%	5%	20%
Rural retail	26%	30%	11%	23%	10%
Light industrial	28%	30%	41%	–	1%

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

	Feb 2022	Feb 2023	Feb 2024	Feb 2025	After Feb 2025
Metropolitan retail	26%	18%	20%	4%	32%
Rural retail	23%	27%	10%	27%	13%
Light industrial	40%	40%	20%	–	–

Notes to the annual financial statements continued

for the year ended 28 February 2021

40. Additional property disclosures regarding the investment property portfolio (continued)

Average net rental per square metre (including anchor tenants)

	2021 Rand	2020 Rand
Mall@Carnival	187.23	172.57
Mall@Emba	174.80	163.10
Mall@Lebo	157.73	154.05
Mall@Moutsiya	129.77	121.52
Mall@Mfula	151.06	139.10
Mall@Reds	161.87	163.47
Mall@55	142.21	132.98
Moreleta Square	117.05	124.94
Simarlo Rainbow	69.63	58.97

Appendix A – additional information

for the year ended 28 February 2021

	Shares held 2021 '000	Shares held 2021 %	Shares held 2020 '000	Shares held 2020 %
1. Shareholder information Beneficial shareholders holding more than 5.0% or more of Acsion's issued share capital are as follows: Fortutrax Proprietary Limited* The Papas Trust	298 305 27 443 325 748	75.53 6.95 82.48	290 867 27 453 318 320	73.64 6.95 80.59

* Mr K Anastasiadis is a director.

	Number of shares held 2021	% 2021	Number of shares held 2020	% 2020
Beneficial shareholders spread				
Directors and their related parties	301 103	76.24	301 270	76.28
Officers of the company	2 236	0.57	–	–
Non-public	303 339	76.80	301 270	76.28
Public	91 621	23.20	93 690	23.72
	394 960	100.00	394 960	100.00

Appendix B – restatement of 2020 interim results – revaluation of investment properties

for the year ended 28 February 2021

1. RESTATEMENTS OF 31 AUGUST 2020 INTERIM RESULTS (“RESTATEMENTS”)

Investment properties were not revalued as required in the 31 August 2020 Interims published on 26 November 2020 because it was the Board of Directors’ view that there was no reliable information with which to prepare the property valuations given the significant uncertainty created by COVID-19. In response to the JSE’s findings from its proactive monitoring review of the 2020 Interims, property valuations as of 31 August 2020 were performed and this information, together with the impact thereof on the 2020 Interims was published on 5 March 2021.

When the 2021 Interims are published, the comparative information related to the 2020 Interims will be restated. The effects of the restatement are set out below:

Statement of financial position (R’000)

Item	Previously reported	Restated	% Change
Investment property	8 213 406	8 035 965	(2.2%)
Retained income	3 408 052	3 340 782	(2.0%)
Deferred tax liability	1 494 499	1 475 081	(1.3%)

Statement of Profit or Loss (R’000)

Item	Previously reported	Restated	% Change
Fair value loss	–	(86 688)	(100.0%)
Profit before tax	135 408	48 720	(64.0%)
Taxation	(40 462)	(21 043)	(48.0%)
Profit for the period	94 946	27 676	(70.8%)

The restated profit for the six months ended 31 August 2020 is R67 million less than the profit previously reported. This decrease represents approximately 4% of the market capitalisation at 26 November 2020.

Ratios

Headline earnings per share (“HEPS”) and basic earnings per share (“EPS”) were previously reported at 23.8 cents per share. After the Restatements, the 2020 Interims reflects a HEPS of 27.67 cents per share and a basic EPS of 6.7 cents per share.

Net asset value per share decreased to 1 880.9 cents from the previously reported 1 898.1 cents, a decrease of 0.9%.

The information relating to the Restatements has not been reviewed or reported on by Acsion’s auditors.

2. Details of valuations as at 31 August 2020

2.1 Methodology of the Valuations

The Group mostly make use of discounted cash flow or income capitalisation methodology as basis when determining the fair value of investment properties. In the interim period, Acsiopolis was valued using a residual valuation technique. At least one third of the properties are valued externally and the balance is valued by the directors of Acsion. A property will be externally valued at least once every three years. The fair values of all investment properties for the Group are classified as Level 3 within the fair value hierarchy in IFRS 13 Fair value measurement. There were no transfers between Levels 1, 2 and 3 during the six months ended 31 August 2020.

2.2 Independent valuer

The Group has employed the services of Mrs A de Wet of Amanda De Wet Consultants and Investors, a professional valuer registered in accordance with section 20(2)(a) of the Property Valuers Professional Act 47 of 2000 (Registration number 5542) for external valuations for the six months ended 31 August 2020. Mrs de Wet is not connected to the Group and has recent experience in location and category of the investment properties valued. She holds BProc and LLB qualifications and has completed a National Diploma in real estate.

2.3 Completed developments

Completed developments were valued using the discounted cash flow of future income streams method by internal valuation. External valuers have the discretion to use their own valuation method.

Mrs A de Wet has used the income capitalisation method based on future cash flows, being her preferred method of valuation.

2. Details of valuations as at 31 August 2020 (continued)

2.4 Developments under construction

The Group measures investment properties under construction at cost until either its fair value becomes reliably determinable or construction is completed. For the six months ended 31 August 2020, Mall@Larnaca has been valued by Mrs A de Wet using the income capitalisation method, being her preferred method of valuation. Acsiopolis has been valued by Mrs A de Wet using a residual valuation technique.

3. Property portfolio information

3.1 Developed investment properties

The developed investment properties as at 31 August 2020 consisted of the following ten properties:

Property name	Directors’/ independent valuation 31 August 2020 (Rm)	GLA (m ²)	Value/m ² (excluding bulk, where applicable)	Percentage of total portfolio by value (%)
Mall@Reds*	1 411	54 740	25 667	2.5
Mall@Emba	580	24 605	23 572	9.2
Mall@Moutsiya	228	14 703	15 507	3.6
Mall@Carnival*	2 595	90 615	28 031	41.3
Mall@Lebo	566	23 534	24 050	9.0
Mall@Mfula	353	17 930	19 688	5.6
Mall@55*	318	15 969	18 681	5.1
Moreleta Square	130	8 579	15 153	2.1
Simarlo Rainbow Hyde Park Terrace	49 53	6 891 –	7 111 –	0.8 0.8
	6 283	257 566	177 460	100.0

3.2 Developments under construction

Developments under construction as at 31 August 2020 consisted of the following properties classified as investment properties:

	Independent valuation 31 August 2020 (Rm)	GLA (m ²)	Value/m ² (excluding bulk, where applicable)	Anticipated opening
Acsiopolis*	919	37 437	22 851	During 2021 calendar year
Larnaca*	1 062	39 000	27 242	July 2021
Trade @ 55*	40	10 000	4 000	Negotiating
	2 021	86 437	54 093	

* Independently valued

No investment properties were acquired during the six months ended 31 August 2020, however additional capital expenditure was incurred during this period.

Appendix B – restatement of 2020 interim results – revaluation of investment properties continued

for the year ended 28 February 2021

3. Property portfolio information (continued)

3.3 Information about Fair Value Measurements using significant unobservable inputs (Level 3) – 31 August 2020

Property Name	Valuation Value (R'000)	Valuation Technique	Discount Rate	Exit Capitalisation rate for terminal value	Increase in discount rate of 50 basis points R'000	Decrease in discount rate of 50 basis points R'000	Increase in Capitalisation rate of 50 basis points R'000	Decrease in Capitalisation rate of 50 basis points R'000
Completed Developments (South Africa)								
Simarlo Rainbow (Light Industrial)	48 726	Discounted Cash Flow Method by directors	15.00%	10.30%	(688)	702	(1 509)	1 663
Mall@Reds (Retail)	1 411 000	Income Capitalisation Method by Mrs A de Wet	12.80%	7.80%	–	–	(84 201)	95 735
Mall@Carnival (Retail)	2 595 000	Income Capitalisation Method by Mrs A de Wet	12.50%	7.50%	–	–	(158 549)	181 199
Mall@55 (Retail)	318 740	Income Capitalisation Method by Mrs A de Wet	13.50%	8.50%	–	–	(18 034)	17 002
Mall@Lebo (Retail)	565 705	Discounted Cash Flow Method by directors	14.00%	8.50%	(8 327)	8 502	(22 561)	25 381
Mall@Moutisya (Retail)	228 321	Discounted Cash Flow Method by directors	14.00%	8.50%	(3 361)	3 431	(9 106)	10 244
Mall@Emba (Retail)	579 798	Discounted Cash Flow Method by directors	14.00%	9.00%	(8 454)	8 631	(21 471)	23 997
Mall@Mfula (Retail)	353 332	Discounted Cash Flow Method by directors	14.00%	8.50%	(5 201)	5 310	(14 091)	15 853
Moreleta Square (Retail)	130 104	Discounted Cash Flow Method by directors	14.50%	9.00%	(1 890)	1 929	(4 822)	5 389
Hyde Park Terrace (Residential consisting of 5 houses and 6 land parcels)*	52 908	Market Value (based on similar assets sold)		–	–	–	–	–
	6 283 634				(27 921)	28 505	(334 345)	376 465

* Increase in R100 per Sqm vacant land would increase valuation by R310 800. Increase of R100 per Sqm building area would increase valuation by R253 000. The contra would be the case for similar decreases.

	Valuation Value (R'000)	Valuation Technique	Sensitivity (change in property value)		
			Exit Capitalisation rate for terminal value	Increase in exit capitalisation rate of 50 basis points (R'000)	Decrease in exit capitalisation rate of 50 basis points (R'000)
Developments under construction – Cyprus					
Mall@Larnaca (Retail) – Development on leased land.	1,062,459	Income Capitalisation Method by Mrs A de Wet	9%	(50,344)	56,266

	Valuation Value (R'000)	Valuation Technique	Discount Rate/ Bulk rate per sqm (Rand) (if applicable)	Exit Capitalisation rate for terminal value	Average selling price per Sqm (apartments) (Rand)	Sensitivity (change in property value)					
						Increase in discount rate of 50 basis points (Apartments) (R'000)	Decrease in discount rate of 50 basis points (Apartments) (R'000)	Increase of 50 basis points in exit capitalisation rate (retail) (R'000)	Decrease of 50 basis points in exit capitalisation rate (retail) (R'000)	Increase of 100 basis points in selling price per Sqm (apartments) (R'000)	Decrease of 100 basis points in selling price per Sqm (apartments) (R'000)
Mixed Use development under construction – South Africa											
Acsiopolis (Mixed Use)	918,600	Income Capitalisation Method by Mrs A de Wet for retail.									
Trade@55 – Bulk of 10 000 Sqm	40 000	Residual method for apartments by Mrs A de Wet	12.5% – 13%	8%	42 000	(6 000)	6 000	(296 561)	336 102	9 000	(9 000)
		Bulk valued by Mrs A de Wet	R1 250 – R2 000								
	958 600										

Appendix B – restatement of 2020 interim results – revaluation of investment properties continued

for the year ended 28 February 2021

3.4 Reconciliation of investment properties carrying values and property valuation values as at 31 August 2020

	R'000
Investment properties at fair value	8 035 965
Investment properties leased assets and equipment	112 979
Operating lease asset	155 749
Property valuation values	8 304 693

3.5 Reconciliation of investment properties carrying values for the six months ended 31 August 2020

	R'000
Opening balance at 1 March 2020	7 854 029
Capital expenditure	172 672
Disposal	(1 434)
Fair value adjustment	(86 688)
Foreign currency translation	97 386
Closing balance at 31 August 2020	8 035 965

3.6 Sensitivity analysis

The estimated impact of a change in the significant unobservable inputs would result in a change in the investment properties fair value estimation for the group as a whole:

Properties excluding mixed use development

	R'000
An increase of 50 basis points in the discount rate:	(27 921)
A decrease of 50 basis points in the discount rate:	28 505
An increase of 50 basis points in the capitalisation rate:	(384 689)
A decrease of 50 basis points in the capitalisation rate:	432 731

Mixed use development

	R'000
An increase of 50 basis point in the exit cap rate	(296 561)
A decrease of 50 basis points in the exit cap rate	336 102
An increase of 50 basis points in the discount rate	(6 000)
A decrease of 50 basis points in the discount rate	6 000
An increase of 1% in selling price per sqm	9 000
A decrease of 1% in selling price per sqm	(9 000)

Notice of the Annual General Meeting

for the year ended 28 February 2021

Acsion Limited

(Incorporated in the Republic of South Africa)
(Registration number: 2014/182931/06)
JSE share code: ACS
ISIN: ZAE00198289
("Acsion" or "the Company")



Notice is hereby given that the Annual General Meeting (hereafter "AGM") of shareholders of Acsion will be held at the Acsion Offices, 1st Floor, Mall@Reds, Cnr Rooihuiskraal and Hendrik Verwoerd Drives, Rooihuiskraal Extension 15, Centurion on Thursday, 19 August 2021 at 09:00 for the purposes of:

- receiving, considering and adopting the Directors' report, the Annual Financial Statements and the Audit and Risk Committee report for the year ended 28 February 2021;
- 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;
- 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, 25 June 2021
Integrated Report to be posted on	Thursday, 1 July 2021
Record date for voting purposes (voting record date)	Friday, 13 June 2021
Last day to lodge forms of proxy for the AGM at 09:00	Tuesday, 17 August 2021
AGM at 09:00	Thursday, 19 August 2021
Results of AGM released on SENS by	Friday, 20 August 2021

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

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

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

Quorum

A quorum for the purposes of considering the resolutions above shall consist of at least three shareholders of the Company personally present (or represented) and entitled to vote at the AGM and comprises 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, 13 August 2021.

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 8 which requires a majority of 75% of the total number of votes exercisable by shareholders, present in person or by proxy.

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

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

Notice of the Annual General Meeting continued

for the year ended 28 February 2021

Ordinary Resolution 1: Adoption of the Annual Financial Statements

It is resolved that the Annual Financial Statements of the Company for the year ended 28 February 2021, 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 28 February 2021, be and is hereby received and adopted.

Ordinary Resolution 3: 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:

- 3.1 Thabani Jali
- 3.2 David Sekete
- 3.3 Modi Hlobo



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

Ordinary resolution 4: 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:

- 4.1 Modi Hlobo
- 4.2 David Sekete
- 4.3 Thabani Jali



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 and 29 of the Integrated Report.

Ordinary Resolution 5: 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 6: 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 7: 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 8: 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. The equity securities which are the subject of the issue of shares for cash, must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.
- (b) The total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 58 989 293 shares, being 15% of the Company’s issued shares (excluding treasury shares) as at the date of notice of this AGM. Accordingly, any shares issued under this authority prior to this resolution lapsing shall be deducted from the 58 989 293 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.
- (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), available on the Company website at www.acsionsa.co.za/corporategovernance.htm. In accordance with the principles of King IV, an advisory vote is hereby put to shareholders for the endorsement of AcSION’s Group remuneration policy. As the votes on this resolution are advisory, the results will not be binding on the Board of directors.

Should more than 25% of the votes on a poll be cast against this advisory vote, the Company shall invite the dissenting shareholders to engage with the Remuneration Committee on the matter within 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. The invitation to dissenting shareholders will be communicated in the voting results announcement.



Notice of the Annual General Meeting continued

for the year ended 28 February 2021

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), available on the company website at www.acsionsa.co.za/corporategovernance.htm. In accordance with the principles of King IV, an advisory vote is hereby put to shareholders for the endorsement of Acsion's Group remuneration policy implementation. As the votes on this resolution are advisory, the results will not be binding on the Board of directors. The invitation to dissenting shareholders will be communicated in the voting results announcement.

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.

Special Resolution 1: Approval of 2022 fees payable to non-executive directors

Resolved, as a special resolution, that the fees payable by the Company to non-executive directors for their services as directors (in terms of section 66 of the Companies Act) be and are hereby approved by the passing of this resolution for the 2022 financial year, as follows:

	Proposed 2022 fee Rand
Modi Hlobo	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:

- (a) Any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the Company and the counterparty;
- (b) This general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
- (c) The Company (or any subsidiary) is duly authorised by its MOI to do so;
- (d) Acquisition of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the Company's issued ordinary share capital as at the date of passing this special resolution;
- (e) In determining the price at which shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five trading days immediately preceding the repurchase of such shares;
- (f) At any point in time the Company (or any subsidiary) may appoint only one agent to effect repurchase on its behalf;
- (g) Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted to the JSE in writing prior to commencement of the prohibited period;
- (h) An announcement will be published as soon as the Company or any of its subsidiaries have repurchased shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the repurchase pursuant to which the aforesaid threshold is reached, and for each 3% in aggregate repurchased thereafter, containing full details of such repurchases; and
- (i) The Board of directors of the Company must resolve that the repurchase is authorised, the Company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the Group.



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

The directors understand that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the repurchase general authority, for a period of 12 months after the date of notice of this AGM:

- i. the Company and the Group will, in the ordinary course of business, be able to pay its debts;
- ii. the consolidated assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards; and
- iii. the Company and Group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the Integrated Report of which this notice forms part, is provided in terms of paragraph 11. 26 of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders page 110.
- Capital structure of the company pages 104.

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 28 February 2021 and up to the date of this notice.

Special Resolution 3: Financial assistance to related and inter-related parties

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

Reasons for and effect of Special Resolution 3

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

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

Notice of the annual general meeting continued
for the year ended 28 February 2021

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

Special Resolution 4 : Authority to issue shares to directors who elect dividend reinvestment options
It is resolved that, subject to the provisions of the Companies Act, the Company's MOI and the JSE Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value, as and when they deem appropriate, for the exclusive purpose of affording shareholders, who are also persons as contemplated in section 41(1) of the Companies Act, opportunities from time to time to elect to reinvest their dividend in new shares of the Company pursuant to a dividend reinvestment option

Reasons for and effect of Special Resolution 4
The reason for and effect of Special Resolution 4 is to permit the directors of the Company to participate in dividend reinvestment options.

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, 16 August 2021 by submitting by email to the Company Secretary at michael@mwrc.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 Acision shareholders title to securities issued by the Company and proof of identity, in the form of copies of identity documents and share certificate/s (in the case of materialised shares) and (in the case of dematerialised shares) written confirmation from the shareholder's CSDP confirming that shareholder's title to the dematerialised shares upon receipt of the required information, the Acision shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the AGM. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.

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

Form of proxy
for the year ended 28 February 2021

Acision Limited
(Incorporated in the Republic of South Africa)
(Registration number : 2014/182931/06)
JSE share code : ACS
("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, 17 August 2021 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	Confirmation of appointment of directors			
Ordinary Resolution 3.1	Confirmation of appointment of T Jali as director			
Ordinary Resolution 3.2	Confirmation of appointment of D Sekete as director			
Ordinary Resolution 3.3	Confirmation of appointment of M Hlobo as director			
Ordinary Resolution 4	Reappointment of members of the Audit and Risk committee			
Ordinary Resolution 4.1	Reappointment of M Hlobo as a member of the Audit and Risk Committee			
Ordinary Resolution 4.2	Reappointment of D Sekete as a member of the Audit and Risk Committee			
Ordinary Resolution 4.3	Reappointment of T Jali as a member of the Audit and Risk Committee			
Ordinary Resolution 5	Appointment of auditor			
Ordinary Resolution 6	Specific authority to issue shares Pursuant to a reinvestment of dividends			
Ordinary Resolution 7	Signature of documents			
Ordinary Resolution 8	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 2022 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 2021

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 28 February 2021

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

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

A form of proxy is attached for the convenience of any shareholder holding certificated shares who cannot attend the AGM but who wishes to be represented there. Forms of proxy may also be obtained on request from the Company's registered office. The completed form of proxy must be deposited at or posted to the office of the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, Rosebank Towers, 15 Biermann Avenae, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received not later than 09:00 on Tuesday, 17 August 2021. 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 09:00 on Tuesday, 17 August 2021.

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
Company Secretary

Registered office

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

Transfer secretaries

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

Corporate information

Registered office

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

Transfer secretaries

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

Sponsor

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

K Anastasiadis
D Sekete
S le Roux
M Hlobo
T Jali