

ACSION LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 2014/182931/06)  
Share code: ACS ISIN: ZAE000198289  
("Acsion" or "the Company")

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## ABRIDGED PRE-LISTING STATEMENT

This Abridged Pre-listing Statement relates to the listing of the Shares of Acsion on the "Real Estate – Real Estate Holding and Development" sector of the main board of the securities exchange operated by the JSE with effect from the commencement of business on Tuesday, 9 December 2014 and a private placement by way of an offer for subscription of up to 19 801 980 no par value ordinary shares in Acsion ("Shares") for an aggregate maximum subscription price of R200 000 000. Additional information regarding the Listing and the Private Placing and the definitions of the capitalized terms used in this Abridged Pre-listing Statement is contained in the full Pre-listing Statement issued by Acsion on Tuesday, 25 November 2014 ("the Pre-listing Statement").

This Abridged Pre-listing Statement does not constitute an offer to the public for the sale of or subscription for, or the solicitation of an offer to buy or subscribe for shares in the Company, but is issued in compliance with the JSE Listing Requirements for the purpose of providing information to the public with regards to Acsion and to provide information to Qualifying Investors with regards to, the Listing and the Private Placing.

The JSE has granted Acsion a listing of up to 414 761 956 Shares in the "Real Estate – Real Estate Holding and Development" sector of the JSE, under the abbreviated name "Acsion", share code "ACS" and ISIN ZAE000198289. The Listing is subject to Acsion confirming to the JSE that the Restructure Transaction has been implemented, which is expected to occur shortly before the Listing date.

This Abridged Pre-listing Statement highlights selected information from the Pre-listing Statement. It is not complete and does not contain all of the information that readers of the Abridged Pre-listing Statement and/or the Pre-listing Statement should consider before investing in or subscribing for Shares. Investors should read the Pre-listing Statement carefully in its entirety.

## 1. HISTORY, NATURE AND STRUCTURE OF BUSINESS

### 2.1. History and nature of the business

Acsion is a specialist property developer and owner, with a full development team and a significant development focus, founded by Mr. Kiriakos Anastasiadis approximately seventeen years ago. Through ingenuity, vision, value engineering and effective management, the Group has expanded into a successful property developer, property manager and investment property holding Group.

Acsion aims to deliver long term NAV growth for its shareholders. Its unique ability to drive long term capital growth is illustrated by the superior capital returns achieved by the Group over its seventeen year history. This strategy is underpinned by the identification of land opportunities for development, and the subsequent development, tenancing, and ownership of its entire Developed Investment Properties, independently valued at R3 246 300 000. The extraordinary growth of the Developed Investment Properties portfolio is a direct result of the deep and unparalleled understanding of the fully resourced internal team with in depth knowledge of all aspects of property development across the property development lifecycle. This intricate knowledge includes the identification and securing of large development opportunities, design, project management, capital raising, value engineering, leasing, asset management and property management of developed assets across the Group's management team and personnel.

The Group's strength lies in its ability to leverage off in-house planning, development, project and construction management, cost management, value engineering and an internal leasing function, to maximise cost efficiencies and maintain a hands on approach to the complete development and property management process. These functions are often outsourced by other property developers.

As a specialist property developer, manager and owner, Acsion offers its shareholders access to superior annual net asset value growth through its highly experienced management team via:

- i. the ownership and development of commercially viable property projects in a cost efficient manner, with a target first year development yield of 15% - 20%;
- ii. leasing as well as property and asset management of developed properties for rental income;
- iii. the sourcing, assessment and, if commercially viable, acquisition and ownership of strategic land opportunities for further development;
- iv. the further development of Developed Investment Properties; and
- v. to a lesser extent, the acquisition of existing yield producing property assets.

In some cases, and in order to maximise value for Acision and its shareholders, some property developments are undertaken for sale.

Through its development activities, Acision is able to unlock development profits and thereafter generate annuity income and further capital growth for its shareholders through the active and continued management of its Developed Investment Properties portfolio for rental income.

Acision has achieved and aims to continue to achieve superior returns by focusing on sustainable long term capital (NAV) growth through the ongoing reinvestment of capital profits into viable property life cycle opportunities (property development, tenancing, property and asset management). The generation of capital profits and NAV uplift underpins Acision's business strategy and differentiates Acision from other JSE listed property entities or REITs which focus on the distribution of net rental income to shareholders. The Company will accordingly not seek REIT status on Listing, as the REIT regulatory regime is intended for companies focused on income distribution, rather than capital growth.

In line with its business strategy, as outlined above, Acision does not intend to pay a dividend until its directors are of the opinion that there are insufficient development opportunities in which to reinvest the profits generated by the Group's activities. At such time, Acision may consider various options in order to ensure that value is returned to its shareholders in the most efficient manner.

Accordingly, Qualifying Investors will gain access to the following distinct value streams generated by the Group:

- i. the existing, internally developed Developed Investment Properties;
- ii. development profits to be realised through the Current Development Assets;
- iii. access to potential Further Development Opportunities and future development profits; and
- iv. internal property and asset management services.

### **Developed Investment Properties**

Acision's existing Developed Investment Properties comprise six well-established, strategically located properties across South Africa, including two prominent Regional Shopping Centres. All properties held by Acision have been internally developed. Developments comprise greenfield developments of land or brownfield developments through upgrades, additions, refurbishments, or other improvements to existing buildings. The existing Developed Investment Properties have been independently valued at R3 246 300 000 and comprise a total GLA of 188 416m<sup>2</sup>, split as follows:

- retail: 97%
- light industrial / commercial: 3%

Acision's existing Developed Investment Properties provide stable income and balance sheet strength for the Group to leverage in order to obtain funding to pursue high-growth development opportunities, both for the Current Development Assets, and Further Development Opportunities, and maintain adequate and responsible gearing ratios and capital buffers.

### **Current Development Assets**

The Current Development Assets comprise seven secured development opportunities, which are anticipated to comprise 119 416m<sup>2</sup> of GLA once completed. It is envisioned that the completion of the Current Development Assets will not only add scale to Acision's Developed Investment Properties portfolio, but also provide sectorial diversification (into residential and student accommodation), and geographic diversification, within South Africa.

Development activities have already begun on a portion of the Current Development Assets, and the full development profits arising from the Current Development Assets are anticipated to be realised within three years after Listing.

### **Further Development Opportunities**

Acsion is a highly successful property developer which has developed all of the existing Developed Investment Properties in-house and is also developing all of the Current Development Assets in-house. Upon Listing, it will be a fully integrated property development company with a significant development focus. Acsion shareholders are positioned to access and participate in the opportunities and deal flow generated by this dynamic developer, which are expected to deliver capital growth as well as sectorally and geographically diversify and bolster the size and quality of Acsion's existing Developed Investment Properties and Current Development Asset portfolio.

Acsion is continuously evaluating a diverse array of new development opportunities and is in advanced discussions in respect of certain development projects to deliver further development profits and NAV uplift for shareholders. Details in relation to most of these projects are not contained in this Abridged Pre-listing Statement or the Pre-listing Statement and will be communicated to shareholders in due course once such projects are more certain to proceed.

## 2. KEY INVESTMENT HIGHLIGHTS

- access to dynamic developer, and ability to participate in development profits;
- fully resourced internal team with an in depth knowledge of all aspects of property development across its lifestyle;
- well positioned to deliver capital and income growth through strong existing tenant covenants;
- significant pipeline of secured NAV enhancing development opportunities;
- significant exposure of the Development Investment Properties to the highly defensive retail sector;
- high quality tenants with 89% by GLA being national tenants;
- experienced management team with extensive property related experience;
- established in-house property and asset management team;
- low gearing of approximately 7% against Developed Investment Properties portfolio provides scope for sustained internally funded growth;
- attractive weighted average lease expiry by GLA of 4.4 years across the portfolio.

## 3. FUTURE PROSPECTS AND STRATEGY

The long term strategy of Acsion is to drive NAV (capital) and income growth for its shareholders, by identifying and investing in value creating development opportunities, and subsequently leasing and managing such properties over the property life cycle, or where a value creation opportunity exists, selling the development opportunities or the developed properties.

Acsion is well positioned to meet these objectives given the quality of the completed Developed Investment Properties and Current Development Assets, the extensive experience of the internal property development, asset management and property management teams, as well as strong, longstanding relationships with major national retailers, banks and franchises, municipalities and land owners. Access to the Further Development Opportunities will also contribute to Acsion's income and capital growth in the future which opportunities, given its track record, are anticipated to continue to deliver further capital growth to shareholders. At any one time, Acsion is reviewing an average of between 20 – 30 development opportunities at various stages of maturity.

As part of its strategy to bolster the defensive quality of its portfolio, Acsion has implemented measures to diversify into the residential and commercial property sectors through proposed developments located in Walkraal in Limpopo province (residential) as well as Hyde Park (upmarket residential) and Benmore (upmarket student accommodation and mixed-use) in Sandton, Gauteng. Geographic diversification will be achieved outside of South Africa in partnership with experienced and reputable local partners to pursue property development opportunities in Southern Africa (such as a retail development in Maputo, Mozambique) as well as, through its network and founders' heritage, explore South-Eastern European development opportunities, which will also offer a Rand currency hedge to Acsion shareholders.

Through a listing on the JSE, Acsion is looking to establish a platform to accelerate the implementation of its Current Development Assets and its ability to exploit Further Development Opportunities, focusing on the delivery of NAV uplift to its shareholders. The Listing should also enable Acsion to access capital efficiently, and expand its investor base. Post Listing, Acsion's immediate strategy to achieve the above objectives is set out below:

- i. the roll out and unlocking of the Current Development Assets over a three year period from Listing;
- ii. sourcing and securing new developments that form part of the Further Development Opportunities; and
- iii. delivering rental income and capital growth through continued ownership and management of existing Developed Investment Properties, and associated contractual rental escalations.

It is envisaged that the strategy will provide Qualifying Investors with NAV uplift that is largely uncorrelated to traditional JSE REITs.

In this context, Acsion offers Qualifying Investors direct exposure to a highly successful property developer, existing high quality retail centres with strong and stable income streams, and other attractively priced property development opportunities in both metropolitan and high growth areas of South Africa and Southern Africa and, potentially, South-Eastern Europe.

#### 4. RATIONALE FOR THE PRIVATE PLACING AND THE LISTING

The main rationale for the Private Placing and the Listing is to:

- provide Qualifying Investors with access to Acsion's existing Developed Investment Properties and the unique opportunity to participate over the long term in NAV uplift and capital growth of the Developed Investment Properties through the redevelopment and future expansion of property GLA by utilising current and unutilised bulk attached to the Developed Investment Properties;
- raise a portion of the capital required to progress the development of the Current Development Assets. The R200 000 000 to be raised in terms of the Offer, along with additional borrowings against the Developed Investment Properties, will be used to finance the development and construction of the Current Development Assets and, when secured, Further Development Opportunities;
- accelerate Acsion's ability to secure Further Development Opportunities;
- obtain an increased spread of shareholders to enhance the liquidity and tradability of the Shares;
- provide Acsion with access to a central trading facility thereby providing liquidity to Acsion shareholders;
- provide Acsion with access to capital markets and a platform to raise funding to pursue growth and investment opportunities in the future;
- access capital market funding in order to increase capacity and ability to pursue further development projects in an accelerated manner; and
- enhance the public profile and general awareness of Acsion.

#### 5. OVERVIEW OF INVESTMENT PROPERTIES

##### 5.1 DEVELOPED INVESTMENT PROPERTIES

The Developed Investment Properties consists of six properties with a total GLA of 188 416m<sup>2</sup>:

<b>Property Name</b>	<b>Independent valuation (Rmil)</b>	<b>GLA (m<sup>2</sup>)</b>	<b>Value / m<sup>2</sup> (excluding bulk, where applicable)</b>	<b>Percentage of total portfolio by value (%)</b>
Mall@Carnival	1 525	72 338	21 082	47.0
Mall@Reds	820	53 423	15 349	25.3
Mall@Emba	419	24 477	17 118	12.9
Mall@Lebo	314	23 664	13 269	9.7
Moreleta Square	136	8 507	15 987	4.2
Simarlo Rainbow	32	6 007	5 327	0.9

## 5.2 CURRENT DEVELOPMENT ASSETS

The Current Development Assets comprise seven secured development opportunities, which are anticipated to comprise 119 416m<sup>2</sup> of GLA once completed. It is envisioned that the completion of the Current Development Assets will not only add scale to Acision's Developed Investment Property portfolio, but also provide sectorial diversification (into residential and student accommodation), and geographic diversification, within South Africa.

Development activities have already begun on a portion of the Current Development Assets, and the full development profits arising from the Current Development Assets are anticipated to be realised within three years after Listing and comprise the following developments:

### Developed for ownership

- the 17 840m<sup>2</sup> Mall@Carnival phase III expansion in Brakpan Gauteng;
- approximately 1 hectare piece of land in Benmore, Sandton for student accommodation & mixed use residential for which up to 70 000m<sup>2</sup> of development rights have been applied for;
- the Mall@Moutsiya, a 13 544m<sup>2</sup> greenfields retail development in Walkraal, Limpopo;
- phase 1 of the Mall@Ruimte, a 16 925m<sup>2</sup> greenfields retail development in Monavoni, Gauteng;
- phase 1 of the Commercial@Ruimte, a 15 000m<sup>2</sup> greenfields big box retail and specialised retail development in Monavoni, Gauteng;

### Developed or held for sale

- the Residential@Moutsiya, a low cost housing development held for sale in Walkraal, Limpopo; and
- the Hyde Park Terrace, 12 residential units and 27 residential land opportunities held for sale in Hyde Park, Gauteng.

## 6. DIRECTORS

The overall direction, supervision and management of Acision will be the responsibility of the board of directors.

The full names, ages, capacities and business addresses of the Directors are set out in the table below:

Full name	Age	Capacity	Business address
David Green	52	Independent non-executive Chairman	The Courtyard Oxford Manor 196 Oxford Road Illovo Johannesburg 2196
Kiriakos Anastasiadis	61	Chief Executive Officer (Executive Director)	Centre Management Mall@Reds Shopping Centre Cnr Hendrik Verwoerd & Rooihuiskraal Drive Rooihuiskraal Ext 15 Centurion 0149
Pieter Scholtz	38	Chief Financial Officer (Executive Director)	Centre Management Mall@Reds Shopping Centre Cnr Hendrik Verwoerd & Rooihuiskraal Drive Rooihuiskraal Ext 15 Centurion 0149

Phetole David Sekete	60	Independent non-executive Director	555 Sakoane Street Spruitview Germiston 1932
Thabani Jali	55	Independent non-executive Director	57 Grosvenor Road Bryanston Sandton 2021
Sonja Griesel	53	Independent non-executive Director	2 Veldtuin Place Morningside Sandton 2057

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## 7. DETAILS OF PRIVATE PLACING

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Offer price range per Share	R10.10 – R10.80
Number of Shares to be offered	18 518 519 – 19 801 980
Amount to be raised in terms of the Offer	R200 000 000

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The Private Placing will be by way of an offer for subscription of up to 19 801 980 Shares. The Private Placing is open only to Qualifying Investors.

Should there be sufficient interest from Qualifying Investors, the Directors may, in consultation with the current (pre-Offer) shareholders of Acsion, at their discretion, undertake a Secondary Placement.

The Offer and Listing are subject to Acsion confirming to the JSE that the Restructure Transaction has been implemented, which is expected to occur shortly before the Listing date. If Acsion does not confirm this, the Private Placing and any acceptance thereof, and the Listing shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result thereof.

The Private Placing is for a Maximum Subscription Amount of R200 000 000.

Subject to JSE approval, Acsion reserves the right at any time during the Private Placing and at its sole and absolute discretion to amend, deviate from or modify the Private Placing in the manner it thinks fit or to postpone, discontinue or terminate the Private Placing and the Listing or in the event of a Material Adverse Change, to postpone, discontinue or terminate the Private Placing and the Listing.

All Shares are of the same class and will rank *pari passu* in all respects.

It is estimated that the price for the Shares offered in the Private Placing will be between R10.10 and R10.80 per Share. The Private Placing price may however be outside of this price range. The Private Placing price will be payable in full in Rand without deduction or set-off.

## 8. MAJOR AND CONTROLLING SHAREHOLDERS

On incorporation of Acsion, the founding shareholder of the Company was Ioleni Trust which owned one issued Share. As at the Listing date, Kiriakos Anastasiadis, through Ioleni Trust and in his personal capacity, will directly and indirectly hold 297 834 823 Shares, and will be the controlling shareholder on the date of Listing, owning 72.0% of the issued Shares after the implementation of the Restructure Transaction, the issue of Staff Shares and the completion of the Offer, assuming that 18 518 519 Shares will be issued in terms of the Offer and that none of the existing shareholders take up any Offer Shares, or participate in the Secondary Placement.

## 10. SALIENT FINANCIAL INFORMATION

The table below sets out a summary of the forecasts for the Company for the 4 months ending 28 February 2015, and the period ended 29 February 2016.

REVIEWED FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF ACSION

	<b>4 months ending</b>	<b>12 months ending</b>
	<b>28-Feb-15</b>	<b>29-Feb-16</b>
	(Rand)	(Rand)
<b>Revenue</b>	<b>144,368,299</b>	<b>448,165,290</b>
Rendering of services	32,000	83,200
Rental Income	106,269,100	334,630,195
Interest received (trading)	214,127	478,485
Lease accrual	3,611,829	2,173,138
Utility recoveries	34,241,243	110,800,272
<b>Other income</b>	<b>1,952,252</b>	<b>6,095,408</b>
Non-contractual rental income	963,683	2,925,988
Recoveries	698,541	2,167,818
Other income	245,228	520,953
Interest received	44,800	480,649
<b>Expenses</b>	<b>(66,113,965)</b>	<b>(191,973,302)</b>
Depreciation	(9,613,004)	(28,839,011)
Rates and taxes	(9,994,713)	(32,083,553)
Electricity	(21,433,029)	(70,910,233)
Other	(25,073,219)	(60,140,505)
<b>Operating profit</b>	<b>80,206,586</b>	<b>262,287,396</b>
Fair value adjustments	-	139,700,000
Finance costs	(7,047,626)	(65,127,450)
<b>Profit before taxation</b>	<b>73,158,960</b>	<b>336,859,946</b>
Taxation (including deferred taxation)	(27,966,279)	(77,683,004)
<b>Profit for the year</b>	<b>45,192,681</b>	<b>259,176,942</b>

10. SHARE CAPITAL

The authorised and issued Shares on the date of Listing are anticipated to be as follows based on the assumption that, in addition to the 394,959,976 Shares to be issued on or before Listing, 18 518 519 Shares will be issued in terms of the Private Placing at an issue price of R10.80 per Share:

**Number of authorised Shares**

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10 000 000 000 ordinary no par value Shares

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## Number of issued shares

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413 478 495 ordinary no par value Shares

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All of the authorised and issued Shares (including those placed in terms of the Offer) are of the same class and rank pari passu in every respect. Accordingly, no Share has any special rights to dividends, capital or profits of the Company. All of the Shares are fully paid up and freely transferrable.

### 11. DIVIDEND AND DISTRIBUTION

AcSION was formed for the purpose of developing and investing in direct real estate, for the purposes of unlocking development profits, as well as income generation and capital growth. The Group's strategy of undertaking developments as a means of realising sustainable long-term capital growth differentiates it from other JSE listed property entities that focus on the distribution of rental income to shareholders. The Company will accordingly not seek REIT status on Listing, as the REIT regulatory regime is intended for companies focused on income distribution, rather than capital growth. As such, the Company does not intend to pay a dividend until the Board is of the opinion that there are insufficient development opportunities in which to reinvest the profits generated by the Group's activities. At such time, AcSION may consider various options in order to ensure that value is returned to its shareholders in the most efficient manner.

### 12. SALIENT DATES AND TIMES

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Opening date of the Private Placing (09h00)	Thursday, 20 November 2014
Last date for Qualifying Investors to submit their Application Forms to Investec in order to be considered for the book build and qualify for participation in the Private Placing (17h00)	Friday, 28 November 2014
Date on which Qualifying Investors will be notified of the number of Shares which they have been allocated in terms of the Private Placing (12h00)	Monday, 1 December 2014
Last date for Qualifying Investors to make payment with respect to their allocated Shares (12h00)	Monday, 8 December 2014
Allocated Shares issued to Qualifying Investors	Tuesday, 9 December 2014
Shares listed on the JSE (09h00)	Tuesday, 9 December 2014

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#### Notes:

- (1) All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.
- (2) Qualifying Investors must advise their CSDP or broker of their acceptance of the Private Placing in the manner and cut-off time stipulated by their CSDP or broker.

### 13. COPIES OF THE PRE-LISTING STATEMENT

The Pre-listing Statement is available in English only. Copies of the Pre-listing Statement may be obtained during normal business hours from Tuesday, 25 November 2014 from:

- AcSION Limited, Centre Management, Mall@Reds Shopping Centre, Cnr Hendrik Verwoerd & Rooihuiskraal Drive, Rooihuiskraal Ext 15, Centurion, South Africa
- Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001;
- Investec Corporate Finance, a division of Investec Bank Limited, 2<sup>nd</sup> Floor, 100 Grayston Drive, Sandown,



Sandton, 2196; and

- Acision's website [www.acsionsa.co.za](http://www.acsionsa.co.za).

25 November 2014  
Johannesburg

Corporate advisor, bookrunner and sponsor  
Investec Bank Limited

Attorneys  
Read Hope Phillips Thomas & Cadman Inc.

Independent reporting accountants and auditors  
Ernst and Young Inc.

Independent Valuer  
Peter Parfitt, Quadrant Properties Proprietary Limited

Communications Advisor  
Instinctif Partners

Transfer Secretaries  
Computershare Investor Services Proprietary Limited