UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

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FOR THE SIX MONTHS ENDED 31 AUGUST 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group		
	Unaudited Six months 31 August 2016 R'000	Unaudited Six months 31 August 2015 R'000	Audited Year ended 29 February 2016 R'000
Assets			
Non-current assets			
Investment property	4 461 505	3 752 585	4 311 974
Plant and equipment	161 576	104 170	92 322
Operating lease asset	121 692	103 665	119 235
Goodwill	625 464	625 464	625 464
Prepayments	362 536	199 835	366 610
Investment in associate	917	1 249	917
Other financial assets	13 134	12 982	13 324
	5 746 824	**4 799 950**	**5 529 846**
Current assets			
Operating lease asset	8 463	14 707	5 315
Loans to group companies	1 401	1 715	1 661
Other financial assets	–	–	13
Current tax receivables	1 106	427	640
Trade and other receivables	20 731	13 880	14 724
Cash and cash equivalents	47 487	20 136	16 288
	79 188	**50 865**	**38 641**
Non-current assets held for sale	76 382	82 324	87 931
Total assets	**5 902 394**	**4 933 139**	**5 656 418**
Equity and liabilities			
Equity			
Share capital	3 974 979	3 979 781	3 975 482
Retained income	718 344	136 815	599 905
Equity attributable to owners of the company	**4 693 323**	**4 116 596**	**4 575 387**
Non-controlling interest	10 438	(48)	10 446
Total equity	**4 703 761**	**4 116 548**	**4 585 833**
Liabilities			
Non-current liabilities			
Deferred tax	793 256	539 886	792 810
Other financial liabilities	266 523	210 731	190 073
	1 059 779	**750 617**	**982 883**
Current liabilities			
Current tax payable	4 110	66	4 507
Loans from shareholders	506	516	506
Other financial liabilities	65 325	9 013	16 729
Provisions	3 930	2 019	4 254
Trade and other payables	64 983	54 360	61 706
	138 854	**65 974**	**87 702**
Total liabilities	**1 198 633**	**816 591**	**1 070 585**
Total equity and liabilities	**5 902 394**	**4 933 139**	**5 656 418**
NAV per share (cents)	1 190.0	1 042.3	1160.1
NAV per share excluding deferred taxation (cents)	1 391.1	1 179.0	1 361.1

IFRS 8 – Segment reporting
Due to the current investment property portfolio exposure being heavily weighted to retail, the chief operating decision maker (CODM) assesses the operations to be a single operating segment and as such reviews financial information on this basis.

IFRS 13 and IAS 40 – Fair value measurement
The group's policy is to value investment properties at year-end, with independent valuations performed on a rotational basis to ensure each property is valued at least every three years by an independent external valuer. The directors value properties by applying the discounted cash flow method. There were no revaluations for the six-month period ended 31 August 2016.

Level 3

Fair value hierarchy	Unaudited Six months 31 August 2016 R'bn	Unaudited Six months 31 August 2015 R'bn	Audited Year ended 29 February 2016 R'bn
Investment property	R4.830	R3.755	R4.617

IAS 24 – Related parties
During the financial period, K. Anastasi Projects Close Corporation of which K. Anastasiadis is the sole member, undertook construction of Mall@Moutsiya. For the period, the group spent R56m on this construction. Smaller ad-hoc projects amounted to R2.2m spend. Total spend towards K. Anastasi Projects Close Corporation therefore amounted to R58.5m for the period.

Kinsella Consultants, a company owned by the wife of I. Anastasiadis, were used for ad-hoc repairs and supplies. A total of R110k was spend with Kinsella Consultants during the period under review.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		
	Unaudited Six months 31 August 2016 R'000	Unaudited Six months 31 August 2015 R'000	Audited Year ended 29 February 2016 R'000
Cash flows from operating activities			
Cash generated from operations	157 344	130 661	342 521
Finance income	541	1 076	1 974
Finance costs	(9 785)	(6 370)	(18 530)
Tax paid	(23 003)	(35 817)	(66 116)
Net cash from operating activities	**125 097**	**89 550**	**259 849**
Cash flows from investing activities			
Purchase of plant and equipment	(83 359)	(989)	(20 496)
Development costs of investment property	(149 531)	(108 494)	(244 054)
Loans to group companies repaid	260	–	54
Sale of investment property	–	1 255	–
Guarantees released	–	343	–
Increase in financial assets	203	–	(13)
Net cash flow from non-current assets held for sale	13 986	–	(272)
Net cash from investing activities	**(218 441)**	**(107 885)**	**(264 781)**
Cash flows from financing activities			
Purchase of treasury shares	(503)	(175)	(4 474)
Increase in other financial liabilities	125 046	21 431	8 490
Loans repaid by shareholders	–	–	259
Loans received from shareholders	–	414	145
Net cash from financing activities	**124 543**	**21 670**	**4 420**
Total cash movement for the period	31 199	3 336	(512)
Cash at the beginning of the period	16 288	16 800	16 800
Total cash at end of the period	**47 487**	**20 136**	**16 288**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		
	Unaudited Six months 31 August 2016 R'000	Unaudited Six months 31 August 2015 R'000	Audited Year ended 29 February 2016 R'000
Revenue	247 365	215 352	453 343
Other income	2 434	17 618	10 625
Operating expenses	(98 292)	(109 146)	(210 509)
Operating profit	**151 416**	**123 824**	**253 459**
Finance income	541	1 076	1 974
Fair value adjustment	–	–	633 227
Amortisation	(4 074)	–	–
Income/(loss) from equity accounted investments	–	113	(219)
Gain on non-current assets held for sale	2 473	–	4 963
Finance costs	(9 785)	(6 370)	(18 530)
Profit before taxation	**140 571**	**118 642**	**874 874**
Taxation	(22 140)	(22 668)	(305 316)
Profit for the period	**118 431**	**95 974**	**569 558**
Other comprehensive income	–	–	–
Total comprehensive income for the period	**118 431**	**95 974**	**569 558**
Profit (loss) attributable to:			
Owners of the company	118 439	96 004	559 094
Non-controlling interest	(8)	(30)	10 464
	118 431	**95 974**	**569 558**
Total comprehensive income (loss) attributable to:			
Owners of the company	118 439	96 004	559 094
Non-controlling interest	(8)	(30)	10 464
	118 431	**95 974**	**569 558**
Reconciliation between earnings and headline earnings			
Basic earnings/Diluted earnings	118 439	95 974	559 094
Adjusted for:	(1 244)	(489)	(482 386)
Fair valuation adjustment	–	–	(633 227)
Amortisation	(4 074)	–	–
Fair value relating to non-controlling interest	–	–	12 995
Gain on non-current assets held for sale	–	–	(4 037)
Profit on sale of plant and equipment	2 473	(489)	40
Tax effect	357	–	141 843
Deferred tax as a result of rate change	–	–	104 491
Headline earnings	117 195	95 485	181 199
Earnings per share			
Per share information			
Basic/Diluted earnings per share (cent)	30.0	24.3	141.6
Headline earnings per share (cent)	29.7	24.2	45.9
Weighted number of shares	394 447 019	394 958 459	394 882 303

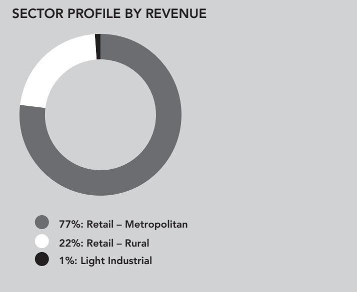
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

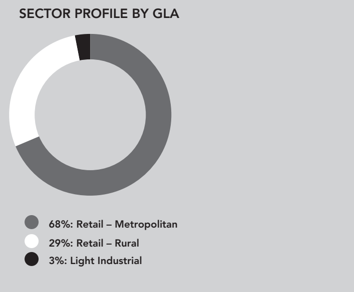
	Share capital R'000	Treasury shares R'000	Total share capital R'000	Retained income R'000	Total equity attributable to owners of the company R'000	Non-controlling interest R'000	Total equity R'000
Group							
Balance at 1 March 2015	3 979 956	–	3 979 956	40 811	4 020 767	(18)	4 020 749
Profit for the period	–	–	–	96 004	96 004	(30)	95 974
Purchase of treasury shares	–	(175)	(175)	–	(175)	–	(175)
Balance at 31 August 2015	3 979 956	(175)	3 979 781	136 815	4 116 596	(48)	4 116 548
Profit for the period	–	–	–	463 090	463 090	10 494	473 584
Purchase of treasury shares	–	(4 299)	(4 299)	–	(4 299)	–	(4 299)
Balance at 29 February 2016	3 979 956	(4 474)	3 975 482	599 905	4 575 387	10 446	4 585 833
Profit for the period	–	–	–	118 439	118 439	(8)	118 431
Purchase of treasury shares	–	(503)	(503)	–	(503)	–	(503)
Balance at 31 August 2016	3 979 956	(4 977)	3 974 979	718 344	4 693 323	10 438	4 703 761

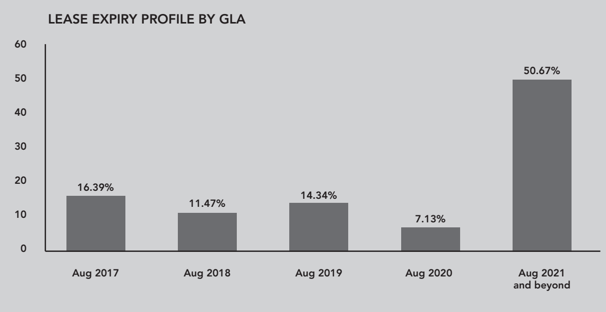
GEOGRAPHIC AND TENANT PROFILES

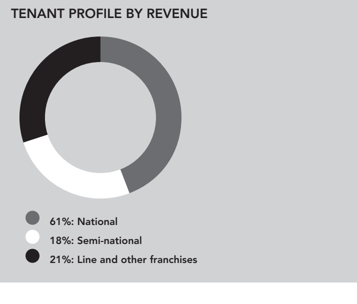
The tenant profile is separated into national and semi-national tenants, to indicate the exposure Acsion has to direct head office leases and individual franchises. Exposure to national and semi-national tenants as a percentage of gross lettable area is relatively high at 84% (79% based on revenue).

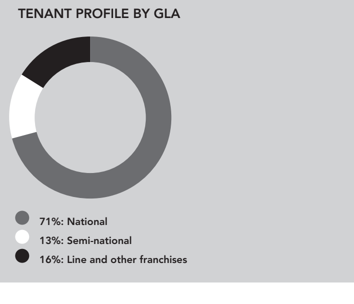
Line shops and other franchises are carefully vetted by Acsion's leasing division to promote maximum dwelling time and footfall in each centre, underpinning trading densities and the overall sustainability of tenants' lease terms.

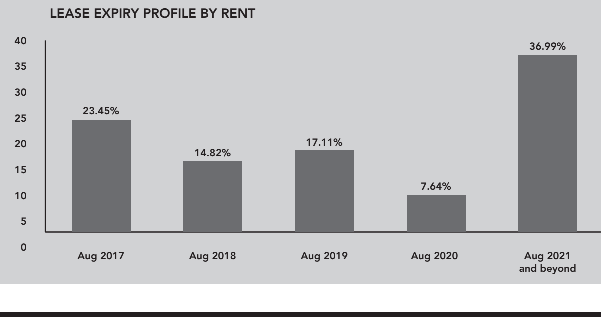












COMMENTARY

About Acsion
Acsion ("the group" or "the company") is a property manager, developer and owner which is listed on the Johannesburg Stock Exchange. 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 communicated secured development pipeline and obtaining additional future development opportunities locally and abroad.

The group's development function and "value-engineering" approach to development significantly enhances returns to shareholders. Value engineering focuses on optimising upfront feasibility studies, planning, design and construction in an innovative and more cost-effective way, resulting in lower construction costs, without compromising on quality.

Existing investment properties consist of seven predominantly retail developments strategically located in Gauteng, Mpumalanga and Limpopo with an aggregate GLA of 219 000 m² (2015:188 716 m²). The tenant profile by GLA comprises 71% national tenants (2015: 72%), 13% semi-national (2015: 15%) and 16% line and other franchises (2015: 13%).

Operational update
The group performed in line with expectation. Focusing on the development pipeline, the group completed and opened Mall@Moutsiya (Walkraal, Limpopo) in August 2016, partially delivering on its pre-listing promises. Construction of Mall@Mfula (Piet Retief, Mpumalanga) is well underway and the opening date is set for November this year.

The Acsiopolis development (Benmore, Sandton) is progressing well. Development of Mall@55 (Monavoni, Gauteng) will commence in the last quarter of 2016 and the group aims to open this development by November 2017. Refer to "Development Pipeline progress update" for more detail.

Financial results
During the first six months of the financial year the group recorded revenue of R247.4m (2015: R215.4m). The 15% increase in revenue is due to a weighted average rental escalation of 7.8% and the opening of Mall@Carnival phase III in September 2015 which was not reflected in the results for the previous corresponding period. Operating expenses decreased to R98m (2015: R109m) for the same period which demonstrates the group's strong focus on cost control.

Finance costs increased to R9.8m (2015: R6.4m) which was expected considering the funding for developments underway. The gearing of the group remained very low at 5.9% (2015: 5.5%).

Headlines earning per share, which was impacted by the share repurchased by the group, was 29.71 cents per share (2015: 24.18 cents per share). The increase in headline earnings per share and basic earnings per share for the six months under review was a satisfactory 22.9% and 23.5% respectively.

The investment properties are currently carried at the February 2016 valuations as it is the group's policy to revalue investment properties for year-end purposes only. The seven retail properties from which the group derives income are valued at R4.162bn. (2015: R3.246bn). Non-current assets held for sale decreased steadily to R76m (2015: R82m) as properties in the Hyde Park development were transferred to their new owners.

Prepayments which are amortised as actual capital spend on Acsiopolis is incurred, decreased by R4m during the six months. Total spend on new developments and renewable energy initiatives for the six months amounted to R233m (2015: R109m).

Treasury share purchase
The group repurchased 65 142 shares during the period and currently holds 558 012 shares as treasury shares. The decision to repurchase shares was made as the share price is trading significantly below the reported NAV of the company. These shares were purchased at approximately 36% below the reported net asset value per share excluding deferred tax as at 31 August 2016.

Vacancy levels and lease expiry profile
Strategic vacancies are maintained in order to accommodate tenant relocations and support optimisation. The directors are satisfied with the reported vacancy numbers for the portfolio. The weighted vacancy (by GLA) for the portfolio as at 31 August 2016 was 6.6% (2015: 5.05%). The increase was due to the inclusion of Mall@Moutsiya as some tenants had not taken beneficial occupation by the opening date. Management is of opinion that vacancy levels will return to previously reported numbers by the financial year end.

The weighted average lease expiry ("WALE") by GLA for the portfolio is currently 3.68 years (2015: 4.87 years). The decrease of the WALE is expected as the once off extension of Mall@Carnival phase II influences this ratio significantly. Management is not concerned with the reduction in this ratio as lease renewals will spread out over time and be of a lesser impact as the size and number of investment properties in the portfolio increases.

Developed investment property portfolio
The developed investment portfolio and developments under construction as at 31 August 2016 consisted of ten properties. Details are as follows:

Property name	Valuation (Rm) February 2016	GLA (m²)	Value/m² (excluding bulk, where applicable)	Percentage of total portfolio by value (%)
Mall@Carnival	2 000	87 700	22 810	48.1
Mall@Reds	980	54 300	18 050	23.5
Mall@Emba	486	24 500	19 840	11.7
Mall@Lebo	380	23 500	16 170	9.1
Mall@Moutsiya	130	14 500	8 970	3.1
Moreleta Square	154	8 500	18 120	3.8
Simarlo Rainbow	32	6 000	5 330	0.8
Total developed investment portfolio	**4 162**	**219 000**	**19 005**	**100.0**

The developed investment property portfolio is trading at an achieved annualised operating profit yield of approximately 8.1% (2015: 7.6%) based on these results.

Properties under development include the following:

Developments nearing completion	Estimated valuation at completion (Rm)	Anticipated GLA (m²)	Value/m² (excluding bulk, where applicable)
Mall@55	275	25 000	11 000
Mall@Mfula	170	18 700	9 090

Longer duration developments underway	Current carrying value (R'm)	Anticipated GLA (m²)	Value/m² (excluding bulk, where applicable)
Acsiopolis	255	67 000	3 810

Development pipeline progress update
Acsiopolis, Benmore, has been designed as a twenty storey mixed use development, situated in the heart of Sandton. The site is positioned on Benmore Drive and consists of an approximate 1 hectare parcel of land. Mixed use development rights for 70 000 m² have been obtained and transfer of the land has been completed. A majority of the rights, comprising approximately 61 000 m², have been earmarked for residential use which supports Acsion's vision of sectoral diversification. Of the 61 000 m² approximately 35 000 m² will be available as executive apartments, 26 000 m² will be subject to short term rentals, 5 000 m² will be utilised for retail and 1 000 m² will be utilised as office space bringing the total square metres to be developed to 67 000 m². Acsiopolis will further offer six levels of parking equating to approximately 1 500 underground parking spaces, some of which will be on-grade parking to the retail section, which is expected to further enhance convenience for shoppers and residents.

In addition to vehicular access, Acsiopolis has been designed to take into consideration the evolving public transport systems in Sandton to accommodate the integration of pedestrian accessibility and bus routes. Construction of the development has commenced and is estimated to be completed early in 2019. The main contractor has completed the foundations and retaining walls and will commence with the first level of parking in November 2016.

Mall@55 Phase I, consists of a 15 000 m² convenience shopping centre in Monavoni, Gauteng. It is located on an extremely busy arterial route accessible from the N14 freeway and the R55 provincial route. This development is ideal for a value/convenience/lifestyle centre, which is underrepresented in the Monavoni area. The main contractor has been identified and bulk earthworks will commence in November 2016.

Trade 55 Phase I, comprises of a 10 000 m² large ("big box") retail component with special commercial rights already obtained in Monavoni, Gauteng. It is located across from the Mall@55 site on an extremely busy arterial route accessible from the N14 freeway and the R55 provincial route. Trade 55's value offering will be complementary to Mall@55's offering. Management decided to delay this development for a couple of months to first focus on finalising and entrenching Mall@55 successfully into the area.

Hyde Park Terrace, located in Hyde Park, Gauteng is a residential development comprising of 12 completed cluster units and 27 residential land parcels. This high-end residential development is in the heart of one of Sandton's most exclusive areas. The total land size comprises 2.5 hectares and is situated 500 metres from the exclusive Hyde Park shopping centre. The 12 units are approximately 350 m² to 540 m² under roof, with the remaining land to be sold as stands of 450 m² to 650 m² with or without building packages. The sales have progressed satisfactorily and transfers of the properties are steadily being finalised. Six properties for which offers were received previously are available for sale again as the sales could not be successfully concluded.

Mamahlodi Gardens is an affordable housing development in Walkraal, Limpopo with a total land size of 40 hectares. Acsion has formed a partnership with local residents and the local municipality to approach prospective buyers with access to housing subsidies from the Department of Human Settlements. Proclamation of the land has been completed with all services (water, sewage and electricity) already secured. Plans to build up to 551 residential units for sale are supported by a shortage of affordable housing in the Walkraal area. The market price will be between R300 000 and R350 000 per unit. Interest for approximately 50 units has already been secured. This development will be demand driven with preapproved finance for these units negotiated with the banks before construction commences.

Mall@Mfula will consist of a 17 300 m² shopping centre with an anticipated 70% national tenancy and will provide a complete formal retail offering for Piet Retief. The development is set to open at the end of November 2016.

Mall@Lebo phase II planning has commenced as the group secured the rights to extend the development. There are no vacancies in phase I of this development and the extension of approximately 8 000 m² is therefore warranted. The construction of this extension will commence once the planning stage is completed.

Further development opportunities
Acsion continuously evaluates a consistent stream of new opportunities and is in advanced discussions on certain projects to further enhance capital growth in financial years 2018 and beyond. Details of these projects are not contained in these results and will be communicated to shareholders in due course and in line with JSE Listings Requirements once an appropriate level of certainty has been reached. At the last practicable date, the following further development opportunities were under investigation by Acsion, amongst others:

The proposed Mall@Maputo development in northern Maputo will be located adjacent to the main Maputo ring road. A formal agreement has now been finalised with the Mozambican Ministry of Interior to develop a shopping centre of up to 50 000 m² once fully developed. Acsion will take cognisance of the Mozambican economy and ensure that it does not take on unnecessary risk. Management is confident that it secured a well-positioned site for its proposed development and intends to develop it when the economic climate is suitable. At this stage most of the South African retailers are not focused on expanding into Maputo and will re-assess their strategy in the near future.

With Offices@Lusaka, Acsion aims to take advantage of Zambia's limited available infrastructure for multinational companies. Negotiations with a local land owner to co-develop up to 20 000 m² of office space are currently underway. The site is located in close proximity to Manda Hill Shopping Mall and next to Stanbic's Lusaka offices.

Acsion is currently in advanced discussion with parties for a proposed retail development in south eastern Europe. This potential development could be the first step for Acsion to establish its international footprint. The company is excited about this opportunity and will provide the market with the necessary information as and when it becomes required to do so.

Prospects
Acsion's board and management remain confident that the group's growth objectives can be achieved despite a challenging economic operating environment. The group remains focused on the completion of its secured development pipeline and obtaining superior net asset value growth for its shareholders.

Acsion will also continue reinvesting in its existing portfolio and focus on its development expertise, or "value-engineering" approach, to ensure above average NAV growth. In addition, Acsion will explore further development opportunities in high-growth markets in the rest of Africa and Europe.

Dividends
In line with the group's policy, no dividends have been declared for the period ended 31 August 2016.

By order of the board

Centurion, 26 October 2016

D Green (Chairman)
K Anastasiadis (Chief executive officer)

Basis of preparation and accounting policies
The interim unaudited consolidated financial statements for the six months ended 31 August 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), the information required by IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The accounting policies are consistent in all material respects with those of the previous financial period.

The additional disclosure required in terms of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurements, will be included in detail in the next integrated report for the period ended 28 February 2017.

The directors are not aware of any matters or circumstances arising subsequent to the period ended 31 August 2016 that require additional disclosure or adjustment to the financial statements.

The directors take full responsibility for the preparation of the unaudited condensed consolidated financial results for the six months ended 31 August 2016.

Independent audit by auditors
The interim unaudited consolidated financial statements have not been audited or reviewed by the group's independent auditors.

Directors: D Green (Chairman)*, K Anastasiadis (CEO), P Scholtz (CFO), S Griesel*, PD Sekete*, T Jali* (*Independent non-executive) | **Registered office:** Mall@Reds, 1st Floor, Corner of Rooihuiskraal and Hendrik Verwoerd Drives, Rooihuiskraal, Ext 15, Centurion | **Postal address:** PO Box 569, Wierda Park, 0149 | **Registration number:** 2014/182931/06 | **Transfer secretaries:** Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001 | **Sponsor:** Nedbank Limited | **JSE share code:** ACS | **ISIN code:** ZAE000198289 | **Company secretary:** MWRK Accountants and Auditors Inc.

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