REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

ACSION
action today prosper tomorrow

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

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 2017 R'000	Audited 2016 R'000
Assets		
Non-current assets		
Investment property	5 508 737	4 311 974
Plant and equipment	75 915	92 322
Operating lease assets	137 894	119 235
Goodwill	625 464	625 464
Prepayments	350 744	366 610
Investments in associates	1 150	917
Other financial assets	12 855	13 324
Deferred taxation	10 210	–
	6 722 969	5 529 846
Current assets		
Operating lease assets	2 128	5 315
Loans to group companies	963	1 661
Current taxation receivable	331	640
Other financial assets	–	13
Trade and other receivables	24 814	14 724
Cash and cash equivalents	16 527	16 288
	44 763	38 641
Non-current assets held for sale	66 639	87 931
Total assets	6 834 371	5 656 418
Equity and liabilities		
Equity		
Equity attributable to equity holders of parent		
Share capital	3 973 725	3 975 482
Retained income	1 386 711	599 905
	5 360 436	4 575 387
Non-controlling interest	36 015	10 446
	5 396 451	4 585 833
Liabilities		
Non-current liabilities		
Deferred taxation	1 038 331	792 810
Other financial liabilities	287 599	190 073
	1 325 930	982 883
Current liabilities		
Trade and other payables	83 609	61 706
Other financial liabilities	13 451	16 729
Provisions	3 218	4 254
Current taxation payable	11 193	4 507
Loans from shareholders	506	506
Operating lease liability	13	–
	111 990	87 702
Total liabilities	1 437 922	1 070 585
Total equity and liabilities	6 834 371	5 656 418

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 2017 R'000	Audited 2016 R'000
Cash generated from operations	346 000	342 521
Net finance costs	(20 297)	(16 556)
Taxation paid	(57 868)	(66 116)
Net cash from operating activities	267 835	259 849
Development costs relating to investment property	(378 644)	(244 054)
Proceeds on sale of non-current assets held for sale	30 324	–
Other cash flows from investing activities	(12 464)	(20 781)
Net cash from investing activities	(360 784)	(264 835)
Proceeds from other financial liabilities	94 123	8 490
Other cash flow from financing activities	(935)	(4 016)
Net cash from financing activities	93 188	4 474
Total cash movement for the year	239	(512)
Cash at the beginning of the year	16 288	16 800
Total cash at end of the year	16 527	16 288

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed 2017 R'000	Audited 2016 R'000
Revenue	524 792	453 343
Other operating income	7 410	10 625
Other operating expenses	(204 995)	(210 509)
Operating profit	327 207	253 459
Investment income	2 729	1 974
Finance costs	(23 026)	(18 530)
Profit (loss) from associate	232	(219)
Profit on sale of non-current assets held for sale	1 180	4 963
Fair value adjustments	804 224	633 227
Profit before taxation	1 112 546	874 874
Taxation	(300 171)	(305 316)
Profit for the year	812 375	569 558
Other comprehensive income	–	–
Total comprehensive income for the year	812 375	569 558
Profit attributable to:		
Owners of the parent	786 806	559 094
Non-controlling interest	25 569	10 464
	812 375	569 558
Total comprehensive income attributable to:		
Owners of the parent	786 806	559 094
Non-controlling interest	25 569	10 464
	812 375	569 558
Basic and diluted earnings per share (cents)	199.5	141.6

PER SHARE INFORMATION

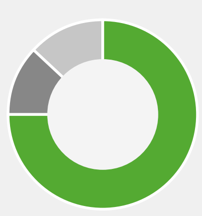
	Reviewed 2017	Audited 2016
Headline earnings per share (cents)	47.0	45.9
Proposed dividend per share (cents)	12.5	–
Reconciliation of earnings per share to headline earnings per share		
Basic earnings	786 806	559 094
Adjusted for:		
Fair valuation adjustment, net of taxation	(625 143)	(491 384)
Non-controlling interest relating to fair valuation adjustment	24 541	12 995
Impairment of investment property	84	–
Gain on non-current assets held for sale	(916)	(4 037)
Loss on sale of plant and equipment	4	40
Deferred taxation as result of rate change	–	104 491
Headline earnings	185 376	181 199
NAV per share (cents)	1 359.7	1 160.1
NAV per share (cents) (excluding deferred taxation)	1 620.5	1 361.0

GEOGRAPHIC AND TENANT PROFILES

The existing income generating investment properties consist of eight predominantly retail developments strategically located in Gauteng, Mpumalanga and Limpopo with an aggregate gross lettable area ("GLA") of 237 800 m² (2016: 204 454 m²). The tenant profile by GLA comprises 72% national tenants (2016: 70%), 13% semi-national (2016: 14%) and 15% line and other franchises (2016: 16%).

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 GLA is at 85% (2016: 84%). 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.

GEOGRAPHIC PROFILE BY REVENUE



75% Gauteng
12% Limpopo
13% Mpumalanga

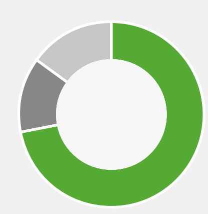
GEOGRAPHIC PROFILE BY GLA

66% Gauteng
18% Mpumalanga
16% Limpopo

TENANT PROFILE BY REVENUE

60% National
17% Semi national
23% Line and other franchises

TENANT PROFILE BY GLA



72% National
13% Semi national
15% Line and other franchises

PROVISIONAL 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 attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2015	3 979 956	–	3 979 956	40 811	4 020 767	(18)	4 020 749
Profit for the year	–	–	–	559 094	559 094	10 464	569 558
Purchase of treasury shares	–	(4 474)	(4 474)	–	(4 474)	–	(4 474)
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 year	–	–	–	786 806	786 806	25 569	812 375
Purchase of treasury shares	–	(1 757)	(1 757)	–	(1 757)	–	(1 757)
Balance at 28 February 2017	3 979 956	(6 231)	3 973 725	1 386 711	5 360 436	36 015	5 396 451

COMMENTARY

ABOUT ACSION

Acsion ("the Group" or "the Company") is a property manager, developer and owner which is listed on the Johannesburg Stock Exchange ("JSE"). 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 development pipeline and obtaining additional future development opportunities. To a lesser extent, the Group derives capital growth from selling completed developments and purchasing existing properties.

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, designing and constructing in an innovative and more cost-effective way, resulting in lower construction costs, without compromising on quality.

OPERATIONAL UPDATE

During the year under review, Acsion completed two additional retail developments, Mall@Moutsiya (Walkraal, Limpopo) which was included in the pre-listing pipeline, and Mall@Mfula (Piet Retief, Mpumalanga), which was not previously included in the pre-listing pipeline. The development of Mall@55 (Monavoni, Gauteng) is progressing well and the opening has been set down for the last quarter of 2017. The Trade55 development (Monavoni, Gauteng) has been delayed in order to obtain better rentals for this prime development site. The Group will commence with development at Trade55 in the near future. The Acsiopolis development (Benmore, Sandton) is progressing well. As at year end, five parking levels had been completed and the development now exceeds ground level. Development planning on the extension of Mall@Lebo (Lebowakgomo, Limpopo) is also underway while a small extension is being planned at Mall@Carnival (Brakpan, Gauteng).

FINANCIAL RESULTS

Revenue for the Group for the year ended 2017 was R524.8 million (2016: R453.3 million). This increase was mainly due to the anticipated increases in rentals compounded by the opening of two additional retail shopping centres developments. Other income supplemented rental revenue by R7.4 million (2016: R10.6 million).

Operating expenses were well contained and despite the opening of two additional shopping centres, the Group recorded an operating cost decrease of 2.6% measured year on year. The largest contributor to this decrease was the impact of the solar plants installed at Mall@Reds (Centurion, Gauteng) and Mall@Carnival (Brakpan, Gauteng) which decreased the electricity consumption supplied by the respective local authorities.

The increase in finance costs from R18.5 million in 2016 to R23.0 million in 2017 can mainly be attributed to the completion and opening of the two new developments referred to above, the cost of the two solar plants installed and commissioned during the year, as well as the continued development of Acsiopolis and Mall@55. The Group continues to aggressively manage its cash resources.

Headline earning per share increased to 47.0 cents (2016: 45.9 cents).

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 R5.695 billion (2016: R4.529 billion). Non-current assets held for sale is carried at fair value of R66.6 million (2016: R87.9 million). Total property under control of the Group therefore increased by a respectable 24.8% during the year under review.

Prepayments consist of two developments acquired during the formation of Acsion, Acsiopolis and Mall@Maputo. The construction of Acsiopolis is continuing well and the opening is set for 2019. The development of Mall@Maputo is currently on hold due to the weak economy in Mozambique however, this delay is welcomed by management as it is management's opinion that the Mozambican economy will improve in line with the strengthening of the resources market. This development should then yield more acceptable returns to the Group.

Goodwill equates to R625.5 million and considering the extent of the development pipeline, no impairment was required.

Group liquidity is considered to be adequate. Due to the Group's cash management policy, mortgage bonds have been repaid in advance of the repayment dates by approximately R103.0 million (2016: R162.0 million). These funds may be withdrawn as and when needed.

NAV per share increased from 1 160.1c to 1 359.7c, while NAV per share (excluding deferred taxation) for the year ended 28 February 2017 increased by 19.1% from 1 361.0c in 2016 to 1 620.5c in 2017.

TREASURY SHARE PURCHASE

The Group repurchased 233 329 (2016: 492 870) shares during the 2017 financial year and currently holds these as treasury shares. The decision to repurchase shares was made as the share price was trading significantly below the reported NAV of the Company. These shares were purchased at approximately 49% below the reported NAV per share as at 28 February 2017.

VACANCY LEVELS AND LEASE EXPIRY PROFILE

Strategic vacancies are maintained in order to accommodate potential tenant relocations and to support lease optimisation. The weighted vacancy (by GLA) for the portfolio as at year end was 5.43% (2016: 4.43%) and the Group is focused on reducing this percentage to more acceptable levels. The weighted average lease expiry profile by GLA for the portfolio decreased to 3.6 years (2016: 4.1 years). The decline is mainly attributable to the lease renewal dates of Mall@Carnival phase 2 that are not evenly spread over the average lease term. The Group is however not concerned about this decline and management is confident that tenants will be retained on lease renewal.

DEVELOPED INVESTMENT PROPERTY PORTFOLIO

The developed investment properties as at 28 February 2017 consisted of the eight properties detailed below:

Property name	Directors/ independent valuation R'mil	GLA m²	Value/m² (excluding bulk, where applicble) R	Percentage of total portfolio by value %
Mall@Carnival	2 375	87 750	27 066	46.5
Mall@Reds*	1 180	54 350	21 711	23.1
Mall@Emba	521	24 500	21 265	10.2
Mall@Lebo*	421	23 500	17 915	8.2
Mall@Mfula	244	18 700	13 048	4.8
Mall@Moutsiya	164	14 500	11 310	3.2
Moreleta Square*	163	8 500	19 176	3.2
Simarlo Rainbow*	37	6 000	6 200	0.7
Total developed investment properties	**5 105**	**237 800**	**21 468**	**100.0**

The above properties are trading at an average annualised net operating yield of approximately 7.2% (2016: 7.3%).

* *Independently valued*

DEVELOPMENTS UNDER CONSTRUCTION

Property name	Directors/ independent valuation R'mil	GLA m²	Value/m² (excluding bulk, where applicble) R	Anticipated opening
Acsiopolis	388	67 000	5 794	Jan 2019
Mall@55*	108	15 000	7 180	Sep 2017
Trade55	123	10 000	12 325	Negotiating
Total developments under construction	**619**	**92 000**	**6 730**	

* *Independently valued*

Acsiopolis, Benmore, has been designed as a twenty storey mixed use development, situated in the heart of Sandton. The site measures approximately one hectare and is well positioned on Benmore Drive. Mixed use development rights totalling 70 000 m² have been obtained. The current design however allows for a total development of 67 000 m² of which the majority of the rights have been earmarked for residential use which supports Acsion's strategy of sectoral diversification. Approximately 35 000 m² will be available as executive apartments, 26 000 m² is earmarked for short term residential rental units, 5 000 m² will be utilised for retail purposes and 1 000 m² for office use. Acsiopolis will further offer six levels of parking equating to approximately 1 400 basement parking bays, some of which will be on-grade parking for the retail units which is expected to further enhance convenience for shoppers and residents alike. 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 is progressing as scheduled and as at financial year end, five levels of parking had been completed. This development is the largest single phase development the Group has undertaken.

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. After initial delays in obtaining the required road infrastructure development approvals, the construction is now progressing well and the completion date is scheduled for the last quarter of 2017.

Trade 55 Phase I, will comprise of a 10 000 m² large ("big box") retail centre with special commercial rights, having already been obtained in Monavoni, Gauteng. This development is located on an extremely busy arterial route accessible from the N14 freeway and the R55 provincial route and across from the Mall@55 site. Trade 55's value offering will be complementary to that of Mall@55. It is anticipated that construction of this development will only commence in 2018.

PROPERTIES HELD FOR SALE

Hyde Park Terrace, a high end residential development of units ranging from 350 m² to 540 m² under roof, is situated in Hyde Park, Sandton, approximately 500 m from Hyde Park shopping centre. The development is nearly sold out with eight (2016: nine) completed houses and twelve (2016: Nil) vacant stands still available for sale.

FUTURE DEVELOPMENTS AND 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 the coming five years. At the date of this report, the following future development opportunities, amongst others, were being considered by Acsion:

Mall@Lebo, our highly successful development in Lebowakgomo, Limpopo is to be extended by approximately 5 000 m². The Group is in the process of finalising certain applications whilst the leasing of the proposed extension is finalised.

Mall@Carnival's extension of approximately 5 000 m² is planned for this super regional shopping centre in Brakpan, Gauteng and should commence shortly.

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 is completed with all services (water, sewage and electricity) already secured. Plans to construct up to 515 residential units for sale are supported by a shortage of affordable housing in the Walkraal area. The market price will range between R300 000 and R350 000 per unit. The development will be demand driven and will be supplementary to the *Mall@Moutsiya* development. The Group is currently in negotiations with various parties to bring this aspect of the development to fruition. The Group is also considering alternatives to the housing development to utilise the remaining extent of the land.

Mall@Frankfort was intended to comprise an 8 000 m² shopping centre in Frankfort, Free State. Interest from a potential anchor tenant has not been secured to date and the Group has impaired the insignificant carrying value of this potential development until sufficient interest has been secured.

The *Mall@Maputo* development will be located in northern Maputo and will be adjacent to the main Maputo ring road, with a total land size of 8.9 hectares. A memorandum of understanding was originally signed with the Mozambican Ministry of Sport to develop a 50 000 m² shopping centre. Subsequently, the Group decided to acquire an alternative land parcel adjacent to the existing land parcels which now requires an additional agreement with the Ministry of Interior to be concluded. The Group have been in constant negotiations with the Ministry of Interior and a final draft contract has been negotiated.

With *Offices@Lusaka*, Acsion aims to take advantage of Zambia's growing economy and 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 alongside to Stanbic's Lusaka offices.

Metropolis *Mall@Larnaka* is the Group's first exciting international retail development. The Group has signed a leasehold over land in Larnaka, Cyprus. The lease is a 33 year lease with two options to renew of 33 years each. The Group intends to develop a 40 000 m² retail centre. Local authorities are in the process of evaluating the traffic and environmental impact prior to the necessary approvals being granted. The Group trusts that all approvals would have been obtained by the end of 2017 after which the construction will commence. The Group is very excited about its first development project in Europe and this development promises to yield returns that meet or exceed the Group's investment criteria.

NEW INITIATIVES

Acsion's first solar installation was installed at Mall@Emba and generates 1 MW of electricity. The plant was commissioned in October 2015. As a result of the success seen with this plant the Group has also successfully installed solar plants at Mall@Reds and Mall@Carnival. These installations were commissioned in August 2016 and indications are that these malls will significantly reduce their reliance on local councils for electricity in future. Total generating capacity is now at 7 MW for these three developments. The Group is pleased with the financial results generated by these installations. The Group has decided that, subject to appropriate pricing of import items and ESKOM/council electricity tariff structures, that each sizeable development will deploy a solar plant to aid in lowering the operating costs of the development. To this extent several other plants are planned for certain of the remaining developments.

PROSPECTS

Acsion's Board remain confident that the Group's growth objectives can be achieved despite the challenging economic operating environment. The Group remains focused on the completion of its secured development pipeline over the next three years.

Acsion will 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.

PROPOSED DIVIDEND

It has always been the Groups' policy not to declare any dividends. The Board of Directors has however decided to propose a dividend of 12.5 cents per share, considering the low gearing of the Group. This suggests a dividend yield of 1.53% based on the share price as at 28 February 2017. As this dividend is not approved as yet, there is no provision for this dividend in these results. Should this dividend be paid, the Group's gearing will increase to 5.8%.

SEGMENTAL REPORTING

Due to the current investment property portfolio exposure being heavily weighted to retail, the chief operating decision maker considers the operations to be a single operating segment and as such reviews financial information on this basis. Segment reporting as required in terms of IFRS 8: Operating segments is therefore not applicable to the Group at this stage.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any material events requiring adjustment or disclosure in these reviewed provisional condensed consolidated financial statements, which occurred after the reporting date and up to the date of this report which require adjustment or disclosure to interpret these financial statement adequately.

The Directors would however like to focus the reader's attention on the proposed dividend declaration as mentioned earlier in this report.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed provisional condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa. The provisional results has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), at a minimum, IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The accounting policies applied in the preparation of the reviewed provisional condensed consolidated financial statements are consistent with those applied in the 2016 consolidated financial statements.

These results have been prepared under the historical cost convention, except for investment properties, which are measured at fair value, and certain financial instruments, which are measured at either fair value or amortised cost.

These reviewed provisional condensed consolidated financial statements were prepared under the supervision of Pieter Scholtz CA (SA), M.Com (Tax) in his capacity as Chief Financial Officer.

Deloitte & Touche has issued an unmodified review report on the provisional condensed consolidated financial statements for the year ended 28 February 2017. The review was concluded in accordance with ISRE 2410: Review of Interim Financial Information performed by the independent auditor of the entity. A copy of their unmodified review report is available for inspection at Acsion's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement. Any prospects detailed in this report have not been reviewed or reported on by Acsion's independent external auditors. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report together with the accompanying financial information from the issuers' registered office. The Directors take full responsibility for the preparation of these provisional condensed consolidated financial results.

By order of the Board
Centurion, 26 May 2017

D Green
(Chairman)

K Anastasiadis
(Chief Executive Officer)

GREYMATTER & FINCH 11840

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, Rosebank Towers, 15 Biermann Avenue, Rosebank 2192, Johannesburg 2001 | **Sponsor:** Nedbank Corporate and Investment Banking Limited | **JSE share code:** ACS | **ISIN code:** ZAE000198289 | **Company secretary:** CMA Incorporated