

**Condensed consolidated interim financial statements
for the six-month period ended
31 December 2019**

28 February 2020



Table of Contents

Directors' Commentary	i to v
Independent auditor's review report on interim financial statements	
Condensed Consolidated Statement of Profit and Loss	1
Condensed Consolidated Statement of Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4 to 5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 to 57
Property Valuers	58
Glossary	59 to 60

Directors' Commentary

Introduction

MAS is currently disposing of direct and indirect investments in Western Europe (WE) and redeploying proceeds in Central and Eastern Europe (CEE). Since the extraordinary shareholders' meeting (20 November 2019) and consequential alterations to the Board and executive management, strategy has altered significantly (detailed in Strategy Implementation Update below). The financial results include, in addition to the reported IFRS results, segmental reporting prepared on a proportionate, consolidated basis. These do not replace IFRS results but assist with interpretation. Detailed financial results, as well as a revised and updated Company Profile, as of 31 December 2019, including highlights and supplemental operational information, are available on the Company website. Shareholders should read the Company Profile and Strategy Implementation Update in conjunction with the financial results for the six-months ending 31 December 2019.

Financial performance and dividend

The Company achieved adjusted total earnings of €46.54million for the six months ending 31 December 2019, divided into adjusted distributable earnings of €27.55million and adjusted non-distributable earnings of €18.99million. Tangible net asset value (NAV) is €1.24 per share as of 31 December 2019 (down 6.77% from 30 June 2019).

The issue of 67million shares on 27 November 2019 to acquire Prime Kapital's interest in the Investment Joint Venture (IJV) was predicted to dilute per share NAV. However, investments in CEE performed excellently, with positive CEE revaluations substantially offsetting dilution. Unfortunately, Tangible NAV per share was heavily impacted by the amount of €36.07million raised, subsequent to 31 December 2019 but recorded herein, to provide for costs and discounts to book value expected to be incurred by selling the assets in WE (detailed in Disposals below). The listed securities portfolio included a non-realised marked-to-market net gain of €12.23million for this period.

Adjusted distributable earnings were 4.24eurocents per share (compared to 4.33eurocents per share for the previous six-months). The Board has consequently declared a cash dividend of 4.24eurocents per share for the six-months ending 31 December 2019 (compared to 3.78eurocents per share for the six months ended 31 December 2018). The dividend will be paid on, or about, 27 March 2020.

Operational performance

Group adjusted total earnings is, on a segmented basis, the combined return of (i) the Company's directly owned income property and operations in CEE, (ii) its investment in the Development Joint Venture (DJV) with Prime Kapital in CEE (including earnings from a proportion of completed DJV owned income properties and the development activities which are reported on separately under Developments, Extensions and Refurbishments below), (iii) its directly owned income property operations in WE and (iv) investments in listed securities (together with elements disclosed as Corporate).

Property in CEE performed very well. CEE income properties acquired directly or developed in the DJV for €415.2million were valued at €516.2million on 31 December 2019, of this increase €39.76million was recognised in the six months to 31 December 2019. Like-for-like (LFL) retail sales per square meter increased by 8.2% in the six months to 31 December 2019 (7.8% in the twelve months), resulting in a 10.6% overall occupancy cost ratio. Over the same six months, passing net rental income increased by €10.1million (35.8%), which includes €7.0million from the acquisition of Prime Kapital's 20% effective interest in the IJV, €2.5million from the completion of developments, and €0.6million from LFL growth in passing net rental income. The latter represents an increase of 2.1% in the six months to 31 December 2019, driven primarily by a 16% uplift on €2.5million of re-lettings (23% uplift on €4.5million of re-lettings for twelve months) achieved in spite of a significant base rent reduction for the food anchor at Nova Park (Gorzow Wielkopolski, Poland). The relatively low occupancy of 95.2% on 31 December 2019 is not a concern, as occupancy is affected by the ongoing refurbishment of two malls and lower initial occupancy at two newly developed open-air malls (detailed in Developments, Extensions and Refurbishments below). The 0.8% decrease in LFL footfall is due to Poland's Sunday trading ban and ongoing refurbishments. Strong growth in retail sales of the Group's assets is expected throughout the current financial period, leading to expected further positive results for properties in CEE during the second half of the financial year.

The assets in WE performed as expected due to 82% of rental being fixed, with a weighted average lease term of 8.54 years. The €2.26million valuation gain (due mostly to tightening yields) is blighted by the amount of €36.07million, raised to provide for the estimated costs and discounts related to the planned disposals of the Western European properties (detailed in Disposals below). MAS has accelerated the Western European disposal program and intends to dispose of €508million worth of properties in WE by the end of the 2020 calendar year (and the balance soon thereafter). These assets should be considered as 'Held for Sale' (despite not all having been classified as such due to strict held for sale recognition criteria under IFRS), and, as a result, their contribution to total adjusted earnings will reduce in the future.

On 31 December 2019, listed securities were valued for €131.35million, with €61.93million of debt secured against it. €28.07million of securities were disposed of at a realised loss of €4.30million whilst the difference to the gain reported on at 31 December 2019 was unrealised. Due to efficient gearing, investments contributed €3.71million to adjusted distributable earnings, and this will reduce during the current period as shares to the value of €51.06million were sold between 31 December 2019 and the date of this report.

Developments, Extensions and Refurbishments

In the DJV, Prime Kapital completed the Zalau Value Centre and DN1 Value Centre developments (both in Romania) and these were opened for trade in November and December 2019, respectively. These open-air malls were developed to the same design as the Roman and Baia Mare developments: a large number of international and national anchors directly and conveniently accessible from extensive parking, combined with a hypermarket-anchored services mall with significant, upmarket leisure, fast food and entertainment components. The yields on cost are 12.2% at Zalau and 11.1% at DN1. These continual, impressive results underline the strength of Prime Kapital's unique integrated development and construction approach.

With projects worth €220.83million under construction and €552.17million under permitting, the total DJV development pipeline is €773.0million.

Currently under construction are a 32,900m² GLA mall (Targoviste, Romania) that is expected to open for trading in May 2020, Mall Moldova, a 92,000m² GLA super-regional enclosed mall (Iasi, Romania), a 17,000m² GLA open-air mall (Sfantu Gheorghe, Romania) and Prime Kapital's first residential development in Bucharest, Marmura Residence with 135 of 465 apartments sold to date. The latter is the first in a pipeline of high-quality residences sold at similar prices to lower-quality residences, a deliberate strategy establishing Prime Kapital's reputation for reliable, superior housing.

Exposure to DJV projects under permitting was €14.1million at 31 December 2019. This is an important development risk indicator, as it highlights the relative risk to which MAS is exposed from a permitting perspective based on its interest in the DJV.

The Silk District, a mixed-use office and residential development (Iasi, Romania), represents €258.03million of DJV projects under permitting. Iasi is the country's second-largest city, the second largest university hub outside Bucharest, and the most important industrial location in Romania's north east, with 369,000 inhabitants, of which 53,000 are students. The project will convert a 10ha industrial site near the city centre into a vibrant business and community hub, with approximately 97,600m² GLA of A-grade offices and over 2,500 modern residential units, with a wide range of ancillary facilities, including retail, leisure, hotel, kindergarten and private clinic. The project addresses the significant shortage of A-grade offices and quality housing reducing Iasi's ability to attract investment and retain young talent, by rejuvenating derelict industrial property, introducing over 4.9ha of parkland and making use of the excellent, under-utilised, public transport network to efficiently service a burgeoning community. Unsurprisingly, the project was enthusiastically received by the locals and benefits from overwhelming public support. Independent analysis by Cushman & Wakefield indicates that it will contribute an estimated €160million in taxes to the local community budget over ten years. Zoning was expected to be completed Fourth Quarter (Q4) 2019, with construction starting Second Quarter (Q2) 2020, but has unfortunately been delayed. Despite required zoning consents being in place beginning December 2019, it was only approved by the local urbanism commission on 24 February 2020 resulting in a postponed local council submission. Provided that the process remains on track, construction will commence September 2020.

Construction will soon commence on the much-anticipated Avalon Estate, Prime Kapital's second residential development, as building permits have been issued. The project was classified as 'under permitting' in the Company Profile, as two road connection permits were outstanding at publication, and work will commence when they are received.

The extension and refurbishment of Nova Park, Poland, and Galleria Stara Zagora, Bulgaria, are progressing, and, when finished, will solidify the malls' current regional dominance. Permitting to extend and convert Militari Shopping centre, Romania, into an approximately 80,147m² GLA mall is ongoing, and construction may begin sooner than anticipated.

Disposals

Disposal of Western European property is a strategic priority. MAS aims to dispose of €508million worth of such assets by December 2020 and the remainder by 2021. The assets in WE were re-valued by external valuers at €544million on 31 December 2019. Although Western European direct investments should generally be disposed of at these valuations, assets with relatively high future capital expenditure requirements and higher than standard vacancy may require discounting to facilitate sales if buyers do not agree with valuers' assumptions. In addition, there are significant associated costs to the planned sales, including punitive fixed-interest arrangements, early debt repayment penalties payable to banks, agency fees and others. Retaining low-growth Western European property to reduce bank related exit costs or fill vacancies, prior to selling it, is unlikely to improve long-term returns. Accordingly, based on the information available to management at the date of this report, an amount of €36.07million was raised in the calculation of Tangible NAV to provide for these expected costs and discounts.

The remaining land at Langley was disposed of for £15million (£14.24million/€16.73million book value on 31 December 2019) after 31 December 2019. The sale is conditional upon vacating the site, relocating parking and electrical equipment. Total cost of the sale, including relocation and disposal, is €1million (estimated). Proceeds should be received by the end of March 2020.

Liquidity, debt and cost of debt

Group net debt to the value of assets (LTV) ratio was 33.7% on 31 December 2019. As Western European assets are disposed of, related debt will be repaid. Weighted average cost of debt amounted to 2.87% and will rise as Western European debt is repaid. The Group held €138million in cash and net listed securities and had access to a further €62.97million in undrawn debt facilities on 31 December 2019.

The Group's gearing is balanced and conservative, monitoring covenants to avoid early calls for redemption. Long-term overall debt will be limited to a maximum LTV ratio of 40%, or, on a forward-looking basis, seven times net rental income. Therefore, on 31 December 2019, there was €64.2million remaining debt capacity for current income properties in CEE, and €181.9million of additional future debt capacity for commercial assets in CEE.

Prospects

MAS plans to sell the majority of its Western European properties by the end of the 2020 calendar year. The disposals of these assets, which have been a drag on MAS' total adjusted earnings growth, represent a renewed focus on long-term total returns on investments. The strategy implementation update below contains a detailed discussion of the factors that will impact financial performance over the next five years. Following the IJV transaction, MAS has an exemplary management team with a demonstrated ability to outperform competitors in CEE. Ambitious operational targets are in place with regard to the redeployment strategy in CEE, an attractive development and extension pipeline remains, and coherent investment principles were adopted. The Board is confident that if these targets are achieved and investment principles adhered to adjusted total earnings per share and dividends per share are set to grow strongly over the next five years, even if the total investment in income property and therefore adjusted distributable earnings per share and dividend payments per share, may decline in the short term because of Western European disposals.

Strategy Implementation Update

Introduction

In early 2016, MAS decided to invest in CEE and dispose of unproductive and underperforming properties, enabling it to set ambitious per share annual dividend growth targets for the three financial years up to 30 June 2019.

MAS, which had no CEE investment or development experience, attained CEE exposure by entering into an exclusive partnership with CEE-experts Prime Kapital with the intention to develop income property, referred to as the DJV. Initial investment consisted of a €20million upfront cash contribution with a commitment of to a further €200million in 7.5% coupon non-voting cumulative redeemable preference shares to be drawn down as required, in exchange for a 40% voting interest in the DJV. Prime Kapital, in exchange for a 60% voting interest, contributed €30million in upfront cash and the entire secured development pipeline at cost as well as taking full responsibility for sourcing further developments (exclusively for the DJV, subject to capital base) and developing and managing DJV assets through its integrated, in-house investment, construction, development, leasing, asset and property management platform. This secured the Group access to a very lucrative development pipeline in CEE, and a co-investment position with an experienced Central and East European partner, enabling financial participation, on a downside protected basis, in the whole property value creation chain.

Given the DJV's early success, MAS increased exposure to properties in CEE, entering into a non-exclusive joint venture with Prime Kapital investing in operational assets (IJV). The IJV, 80% owned and controlled by MAS, was managed by Prime Kapital. MAS funded Prime Kapital's 20% economic interest in the IJV through a full recourse loan bearing interest at a rate equal to the IJV's weighted average cost of debt. MAS undertook no minimum commitment to the IJV and left itself the freedom to acquire property in CEE outside the IJV, while gaining access to Prime Kapital's networks and management at cost.

Prime Kapital sourced and MAS acquired income property for €381million in the IJV. These assets, identified as very attractive when acquired, have proved even better due to active asset management, and were valued at €468million on 31 December 2019, with significant growth potential remaining to be unlocked through active management, extensions and redevelopments. This was also the case in the DJV, where initial yields on developments were all well ahead of those targeted at inception. The number of attractive development opportunities available to the DJV exceeded initial expectations and the opportunity to add attractive residential developments to the DJV became available. As a result, MAS increased its DJV preference share investment commitment to a total commitment of €420million, and the venture's duration, scope and exclusivity was extended.

Achieving impressive per share dividend growth targets by June 2019 (8.75eurocents per share were paid in respect of 2019 compared to 3.35eurocents per share in respect of 2015), MAS reviewed its strategy early 2019. The investment performance and future prospects of assets in CEE were exemplary. Investment performance and future prospects in WE were not. Given the discrepancy in financial performance between, on the one hand, MAS' direct and indirect investments in WE and, on the other, the CEE exposure via the two joint ventures with manager and co-investor Prime Kapital, as well as the fundamentals and opportunities for continued profitable growth in the CEE markets, it was decided to dispose of the WE portfolio in favour of further investment in CEE.

To make this strategy sustainable in the long term, MAS required in-house income property investment, as well as asset and property management expertise suitable for CEE. Consequently, MAS and Prime Kapital concluded a transaction on 5 September 2019, subject to shareholder approval by the former, that would achieve these objectives on a first-year earnings per share neutral basis. MAS issued shares to Prime Kapital in exchange for its interest in the IJV, subject to a three-year lock-in. Additionally, Prime Kapital agreed to transfer its asset and property management platform (staff, intellectual property, systems, software and related contracts) to MAS, subject to the DJV receiving asset and property management services from MAS at cost, from the date of transfer, and to complete planned extensions and refurbishment to the former IJV assets at cost. MAS appointed Prime Kapital's founders Lead Executives throughout lock-in, overseeing the WE disposal process and ensuring MAS seamlessly transitions to a fully-fledged, internally managed, CEE-focused property investment company. To manage potential conflicts of interest with appointments (Prime Kapital's founders would, via Prime Kapital, have continuing indirect interests in DJV) it was agreed that MAS' shareholders' approval would be required for changes to MAS' DJV funding commitments, or any acquisitions of DJV assets from the DJV during lock-in.

Shareholders (77% in favour) approved the transaction on 20 November 2019, and new management took charge December 2019. In addition, MAS' Board was reconstituted to ensure its expertise was relevant to oversee the transition and operations in CEE, and strengthened to manage any other potential conflicts during lock-in. As expected, this led to numerous assessments, some ongoing, in relation to policies and practices as the integration process of MAS and the former Prime Kapital management platform unfolds and plans are put in place to accomplish the change in strategy. A number of these initiatives will lead to changes, some of which are summarised below.

Long-term investment principles

MAS' investment approach will be that of a long-term investor. Rather than focusing on specific dividend distribution targets, MAS will maximise total long-term returns from investments on a per share basis by concentrating on capital allocation, operational excellence, sensible leveraging and cost efficiency, thereby sustainably growing distributable earnings per share.

Investment and disposal decisions are made on a forward-looking basis, with an emphasis on the combination of net initial yield on investment and LFL growth in operational income. Short-term dividend movements will not be the overriding objective of capital allocation. MAS will sell mature property when markets are favourable, and continuously sell, or recycle, assets that have insufficient growth potential to justify capital already invested, and well before major and potentially value destructive capital expenditure is required. In addition, when Company shares trade sufficiently below intrinsic value, and are attractively priced compared to other investment opportunities, MAS will, subject to having the requisite authorisations and holding adequate cash and liquid resources to fulfil funding commitments, purchase its own shares.

Operationally, following November 2019, MAS is a Central and Eastern European property investor and operator, with a highly qualified in-house asset and property management team, positioned, and determined, to achieve exceptional returns on property investment and active management, without taking excessive risks. MAS' property development is limited to participation in the DJV with Prime Kapital, which is a co-investor and fully integrated property developer and builder, with an exceptional and proven track record. This involves the partial financing of developments using preference share funding, earning a fixed, first-priority return and limiting MAS' downside exposure, combined with an investment in the DJV's ordinary equity making it eligible for profit participation. Additionally, this strategic relationship potentially provides access to high-quality investment opportunities in completed developments.

Directors' Commentary

Debt levels will be conservatively set, taking account of covenants, net debt to forward-looking operating cash flows from income properties and aggregate LTV levels on assets. Measures will be taken to protect the Group against unacceptable increases in the cost of long-term debt commitments, and not the accounting impact of hedging options.

Dividend policy and impact on previous dividend guidance

MAS will calculate distributable earnings per share consistently and combine this with a sustainable dividend policy. Occasionally, commercial properties require major capital expenditure for refurbishments and redevelopments to maintain earnings. This is accounted for in valuations, and not considered in distributable earnings. Therefore, distributable earnings for Real Estate Investment Trusts and other property investment companies, implicitly includes capital distribution. Accordingly, where property values have not increased sufficiently to support additional debt capacity for funding, and such expenditure is necessary, cash-backed distributable earnings will suffer over time. Fortunately, no major non-recoverable maintenance expenditure is forecast for the CEE assets in the foreseeable future. If this is combined with a disciplined and sensible disposal, or recycling program, there is no need to distribute less than 100% of adjusted distributable earnings to shareholders on a bi-annual basis. Until further notice, adjusted distributable earnings per share will be distributed and paid in full half-yearly, and will not be smoothed as long-term growth is pursued.

The Board has decided to not set specific dividend per share targets and the Company, accordingly, has resolved to withdraw the previously published dividend target for the 2022 financial year.

Additional disclosure of financial information and forward-looking returns

As Western European assets are disposed of, it is expected that adjusted distributable earnings will initially be negatively affected and it will take approximately four years for the redeployment strategy and planned asset management to take full effect (the current planned developments and extensions in CEE should be completed during 2023). In addition to developments and extensions, the following factors will have a substantial bearing on the total returns per share over the next four to five years.

1. Growth in rental income from retail properties driven by growth in consumption and asset management initiatives: the Group is aiming to achieve approximately 5% LFL growth in annual rental income over next five years. This not only drives growth in distributable earnings per share, but also impacts the Company's long-term borrowing capacity, which enables further investment.
2. The net proceeds from the disposal of Western European assets and listed securities.
3. The timing and successful deployment of approximately €891million in developments and extensions in MAS' direct properties and the DJV, and the generation of further development pipeline. This is dependent, to a large extent, on permitting and market conditions.
4. The cost and availability of debt finance.
5. The raising of new capital and/or buying back of MAS' shares.
6. New income investment opportunities in CEE.

To consistently provide shareholders with improved, relevant information, MAS will publish detailed income and development property schedules; this will be in addition to IFRS accounts and general Johannesburg Stock Exchange (JSE) disclosure obligations. This information is in the *Company Profile* and will be regularly updated. Using this resource, shareholders can more easily track financial performance and total investment returns generated by income property and assess expected net initial rental values for property developments and expected sales margins for residential developments. This, combined with the commitment to provide more relevant and improved information, will make it easier for shareholders to evaluate the Company's investment return and future adjusted distributable earnings potential.

Management engage shareholders by considering requests, if relevant and not unduly affecting the Groups' competitive market position, for further disclosure, and updating them regularly about relevant developments.

Corporate structure and relocation of functions

Current corporate structure is costly, inefficient and inappropriate for a business focused on investment in CEE, therefore, a new Maltese corporate holding company for the current and future CEE investments is being incorporated. Malta is a member of the European Union (EU) and the British Commonwealth. As an EU member state, it benefits from single market access and a robust EU compliant regulatory framework. As a member of the Commonwealth the legal system has strong British overtones, familiar to South African investors and suitable for a JSE listed company. Geographically, Malta is in close proximity to the CEE markets. MAS will hire staff and set up an office in Malta to house some core functions. The Company's asset and property management platform will be housed in a subsidiary of the Maltese holding company located in Romania. Once assets in WE have been disposed of, the Isle of Man office will close and Group companies in the Netherlands and Luxembourg will be wound up.

Directors' Commentary

Delisting from the Luxembourg Stock Exchange (LuxSE)

Virtually no trading in Company's shares occurs on LuxSE, and it creates unnecessary bureaucracy and costs. Therefore, in the short term, MAS will seek the necessary regulatory approvals to be delisted from the Euro MTF Market LuxSE. Once effective, the facility in place for depository interest shareholders will be unwound and depository interest holders entered onto the certificated register. Should a shareholder wish to transfer shares to the South African share register, they will need to instruct Computershare accordingly. As some shareholders may not wish to hold their shares on the South African share register, MAS will maintain a certificated share register following the delisting, and these individuals will continue to benefit from investment as before. Shareholders holding shares in certified form will be able to transfer them on an over-the-counter basis to other shareholders. Further details of the LuxSE delisting will be published in due course.

Martin Slabbert
CEO

Victor Semionov
CFO

28 February 2020
Douglas
Isle of Man

Chairman's letter

Further to the recent announcements regarding Board composition and changes, the Board has been considering executive reporting lines, the functions of executive directors and the balance between executive and non-executive directors. The chief investment officer function has been combined with that of the CEO and reporting lines have been restructured. The Board has also concluded that the Company has more executive directors than required. As a result, Dan Petrisor and Jonathan Knight have resigned as executive directors of the Board of the Company. They remain senior executives of the Group, have been appointed as alternative executive directors and are permanent invitees to the Company's Board meetings.

Since the implementation of the transaction with Prime Kapital referred to in the Directors' commentary, the new significantly enlarged management team has undertaken an enormous amount of work to get to grips with MAS' Western European business and to ensure a smooth integration of the former Prime Kapital and MAS management teams and businesses. The Board is impressed with the standard of work. Significant improvements were introduced to disclosure and the Board wishes to express their thanks to the new CEO and CFO for their work ethic, attention to detail and drive towards a successful transition during the lock-in.

Shareholders are aware that the CEO and CFO may vacate management roles at the end of lock-in, returning full-time to Prime Kapital. However, this will not end the relationship with Prime Kapital, as the DJV, of which MAS owns a significant interest, terminates, at the earliest, in 2030. Furthermore, the DJV is expected to own a substantial amount of commercial investment property by December 2022, which will be managed by the Group's property and asset management team. Additionally, Prime Kapital's position as a substantial, long-term MAS' shareholder requires that the two groups are intertwined for the foreseeable future. Given these relationships, MAS and Prime Kapital are natural business partners and may explore other mutually beneficial transactions, strengthening and expanding their relationship (subject, of course, to MAS shareholders' approval during lock-in, when required). To ensure MAS is fully prepared for any potential management changes occurring December 2022, the Company will appoint a Deputy CEO and CFO, who have no affiliation to, or interest in, Prime Kapital by December 2021 at the latest.

Werner Alberts
Interim Chairman

28 February 2020
Douglas
Isle of Man

Independent auditor's review report on interim financial statements

To the shareholders of MAS Real Estate Inc.

We have reviewed the condensed consolidated interim financial statements of MAS Real Estate Inc., contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 December 2019 and the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of MAS Real Estate Inc. for the six months ended 31 December 2019 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

PricewaterhouseCoopers LLC

Chartered Accountants

Sixty Circular Road

Douglas

Isle of Man

IM1 1SA

28 February 2020

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

Condensed Consolidated Statement of Profit and Loss

	Note	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Rental income	4	33,547	26,145	57,620
Service charges and other recoveries		7,418	4,504	12,455
Revenue		40,965	30,649	70,075
Service charges and other property operating expenses		(10,977)	(6,891)	(18,479)
Net rental income		29,988	23,758	51,596
Sales of inventory property		6,729	27,985	39,165
Cost of sales of inventory property		(6,403)	(23,697)	(31,014)
Profit on sales of inventory property		326	4,288	8,151
Other income	5	4,672	1,957	7,259
Corporate expenses		(3,493)	(3,103)	(5,627)
Investment expenses	6	(2,063)	(1,347)	(3,210)
Net operating income		29,430	25,553	58,169
Fair value adjustments	7	41,908	(24,735)	(7,632)
Foreign currency exchange differences		4,586	34	(365)
Share of profit from equity accounted investee, net of tax	14	8,378	6,399	11,009
Gain on bargain purchase		-	12,263	12,263
Goodwill impairment	10	(22,627)	-	-
Profit before finance income/costs		61,675	19,514	73,444
Finance income	8	6,691	5,149	12,058
Finance costs	8	(6,944)	(3,854)	(10,251)
Profit before tax		61,422	20,809	75,251
Current tax	9	(950)	(1,994)	(3,948)
Deferred tax	9	(6,477)	(2,758)	(9,425)
Tax expense		(7,427)	(4,752)	(13,373)
Profit for the period/year		53,995	16,057	61,878
Attributable to:				
Owners of the Group		52,567	11,088	55,035
Non-controlling interest	18	1,428	4,969	6,843
Profit for the period/year		53,995	16,057	61,878

The notes on pages 7 to 57 form part of these condensed consolidated interim financial statements.

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Condensed Consolidated Statement of Other Comprehensive Income

	Note	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Profit for the period/year		53,995	16,057	61,878
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign operations - foreign currency translation differences		4,333	(1,558)	(1,339)
Total comprehensive income for the period/year		58,328	14,499	60,539
Attributable to:				
Owners of the Group		56,900	9,530	53,696
Non-controlling interest	18	1,428	4,969	6,843
Total comprehensive income for the period/year		58,328	14,499	60,539

The notes on pages 7 to 57 form part of these condensed consolidated interim financial statements.

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Condensed Consolidated Statement of Financial Position

	Note	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
<i>Non-current assets</i>				
Investment property	11	809,670	752,926	872,062
Intangible assets	10	8,780	22,412	30,647
Investment in equity accounted investee	14	30,266	30,173	21,888
Financial assets	20	176,664	162,558	174,903
Property, plant and equipment		480	280	317
Other receivables	22	12,304	-	-
Deferred tax asset	9	3,767	781	4,280
Total non-current assets		1,041,931	969,130	1,104,097
<i>Current assets</i>				
Financial assets	20	-	24,578	11,594
Inventory property		-	2,758	5,270
Investment property held for sale	12	202,090	16,842	92,610
Financial investments	13	69,416	149,172	87,814
Trade and other receivables		21,773	22,855	17,306
Cash and cash equivalents	15	65,091	52,858	71,155
Total current assets		358,370	269,063	285,749
Total assets		1,400,301	1,238,193	1,389,846
<i>Equity</i>				
Share capital	16	899,857	829,250	824,686
Treasury shares - Geared share purchase plan shares	16	(6,309)	(12,863)	(8,299)
Retained earnings		20,633	34,013	53,864
Share-based payment reserve	17	921	1,272	975
Foreign currency translation reserve		(8,774)	(13,326)	(13,107)
Equity attributable to owners of the Group		906,328	838,346	858,119
Non-controlling interest	18	-	6,293	7,439
Total equity		906,328	844,639	865,558
<i>Non-current liabilities</i>				
Interest bearing borrowings	19	299,998	242,267	312,755
Financial liabilities	21	2,157	1,806	2,735
Deferred tax liability	9	32,267	8,516	26,270
Total non-current liabilities		334,422	252,589	341,760
<i>Current liabilities</i>				
Interest bearing borrowings	19	136,255	88,255	143,707
Financial liabilities	21	693	29,404	17,309
Trade and other payables		22,200	23,052	21,271
Provisions		403	254	241
Total current liabilities		159,551	140,965	182,528
Total liabilities		493,973	393,554	524,288
Total shareholder equity and liabilities		1,400,301	1,238,193	1,389,846
Actual number of ordinary shares in issue ('000)				
		704,494	637,494	637,494
IFRS Net Asset Value per share (euro cents)				
		128.6	131.5	134.6

These condensed consolidated interim financial statements were approved by the Board of Directors on **27 February 2020** and signed on their behalf by:

Victor Semionov
Chief Financial Officer

The notes on pages 7 to 57 form part of these condensed consolidated interim financial statements.

All amounts in € thousand unless otherwise stated.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

Condensed Consolidated Statement of Changes in Equity

	Note	Share Capital	Treasury shares Geared share purchase plan shares	Retained earnings	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the Group	Non- controlling interest	Total Equity
Balance at 30 June 2018 (audited)		829,250	(12,863)	48,617	1,032	(11,768)	854,268	2,527	856,795
<i>Comprehensive income for the period</i>									
Profit for the period		-	-	11,088	-	-	11,088	4,969	16,057
Other comprehensive loss		-	-	-	-	(1,558)	(1,558)	-	(1,558)
Total comprehensive profit/(loss) for the period		-	-	11,088	-	(1,558)	9,530	4,969	14,499
<i>Equity transactions</i>									
Share-based payment reserve	17	-	-	-	240	-	240	-	240
Total equity transactions		-	-	-	240	-	240	-	240
<i>Transactions with the owners of the Group and non-controlling interests</i>									
Distributions	16,18	-	-	(25,692)	-	-	(25,692)	(1,203)	(26,895)
Total transactions with the owners of the Group and non-controlling interests		-	-	(25,692)	-	-	(25,692)	(1,203)	(26,895)
Balance at 31 Dec 2018 (reviewed)		829,250	(12,863)	34,013	1,272	(13,326)	838,346	6,293	844,639
<i>Comprehensive income for the period</i>									
Profit for the period		-	-	43,949	-	-	43,949	1,874	45,823
Other comprehensive income		-	-	-	-	219	219	-	219
Total comprehensive profit for the period		-	-	43,949	-	219	44,168	1,874	46,042
<i>Equity transactions</i>									
Share-based payment reserve	17	-	-	-	(297)	-	(297)	-	(297)
Total equity transactions		-	-	-	(297)	-	(297)	-	(297)
<i>Transactions with the owners of the Group and non-controlling interests</i>									
Issue of shares	16	1,990	(1,990)	-	-	-	-	-	-
Shares forfeited and cancelled	16	(6,554)	6,554	-	-	-	-	-	-
Distributions	16,18	-	-	(24,098)	-	-	(24,098)	(728)	(24,826)
Total transactions with the owners of the Group and non-controlling interest		(4,564)	4,564	(24,098)	-	-	(24,098)	(728)	(24,826)

The notes on pages 7 to 57 form part of these condensed consolidated interim financial statements.

All amounts in € thousand unless otherwise stated.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

Condensed Consolidated Statement of Changes in Equity

	Note	Share Capital	Treasury shares Geared share purchase plan shares	Retained earnings	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the Group	Non- controlling interest	Total Equity
Balance at 30 Jun 2019 (audited)		824,686	(8,299)	53,864	975	(13,107)	858,119	7,439	865,558
<i>Comprehensive income for the period</i>									
Profit for the period		-	-	52,567	-	-	52,567	1,428	53,995
Other comprehensive income		-	-	-	-	4,333	4,333	-	4,333
Total comprehensive profit for the period		-	-	52,567	-	4,333	56,900	1,428	58,328
<i>Equity transactions</i>									
Share-based payment reserve	17	-	-	-	(54)	-	(54)	-	(54)
Total equity transactions		-	-	-	(54)	-	(54)	-	(54)
<i>Transactions with the owners of the Group and non-controlling interests</i>									
Acquisition of non-controlling interest and related transactions	16, 18, 22	77,161	-	(54,115)	-	-	23,046	(7,318)	15,728
Shares forfeited and cancelled	16	(1,990)	1,990	-	-	-	-	-	-
Distributions	16,18	-	-	(31,683)	-	-	(31,683)	(1,549)	(33,232)
Total transactions with the owners of the Group and non-controlling interest		75,171	1,990	(85,798)	-	-	(8,637)	(8,867)	(17,504)
Balance at 31 Dec 2019 (reviewed)		899,857	(6,309)	20,633	921	(8,774)	906,328	-	906,328

The notes on pages 7 to 57 form part of these condensed consolidated interim financial statements.

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Condensed Consolidated Statement of Cash Flows

	Note	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Cash generated from operating activities	15	31,445	21,649	53,405
<i>Adjustments:</i>				
(Increase)/decrease in receivables		(304)	517	1,677
Increase/(decrease) in payables		2,870	(539)	666
Increase/(decrease) in provisions		151	(28)	(40)
Finance income – interest on PKM Developments preference shares	8, 20	4,749	4,630	9,181
Investment expenses	6	(802)	-	-
Tax paid on operating activities	9	(3,806)	(1,011)	(1,923)
Non-forfeitable distribution paid	17	(148)	-	(132)
Net cash from operating activities		34,155	25,218	62,834
<i>Investing activities</i>				
Acquisition of investment property	11	-	(25,000)	(87,550)
Capitalised expenditure on investment property	11	(6,641)	(8,054)	(18,791)
Settlement of investment property acquisition retentions		-	-	(473)
Capitalised expenditure on investment property held for sale	12	(1,297)	(1,439)	(1,717)
Proceeds from the sale of investment property held for sale	12	900	49,263	49,257
Capitalised expenditure on inventory property		(996)	(25,771)	(37,990)
Proceeds from sales of inventory property		6,729	23,551	46,609
Acquisition of subsidiaries net of cash acquired – business combinations	23	86	(119,216)	(117,561)
Drawdown of PKM Developments preference shares	20	-	(57,000)	(70,000)
Acquisition of property, plant and equipment		(266)	(16)	(199)
Disposal of property, plant and equipment		2	72	171
Capitalised expenditure on intangible assets		(78)	(32)	(99)
Acquisition of direct financial investments	13	-	-	(16,729)
Proceeds from the disposal of direct financial investments	13	13,485	-	20,794
Proceeds from the disposal of direct financial investments – transferred to CFDs	13	-	-	116,089
Deposit of CFD collateral on CFD purchases	13	(4,252)	-	(52,407)
Receipt of CFD collateral on CFD disposals	13	11,872	-	6,202
Settlement of fair value adjustments on CFDs	13	9,547	-	(8,558)
Investment expenses paid	6	(1,261)	-	(2,575)
Finance costs paid – interest incurred on bank deposits	8	(110)	(16)	(250)
Finance income received – interest earned on bank deposits	8	108	12	261
Settlement of financial liability	21	(5,234)	-	(7,542)
Tax paid on investing activities	9	(661)	(1,348)	(2,543)
Cash generated from/(used in) investing activities		21,933	(164,994)	(185,601)
<i>Financing activities</i>				
Transaction costs from the issue of share capital	16	(154)	-	-
Proceeds from interest-bearing borrowings	19	52,423	101,208	218,590
Transaction costs related to interest-bearing borrowings	19	(1,611)	(898)	(2,535)
Repayment of capital on interest-bearing borrowings	19	(75,019)	(25,328)	(109,537)
Finance costs paid – interest on interest-bearing borrowings	8, 19	(6,466)	(3,449)	(8,227)
Distributions paid to the owners of the Group	16	(31,683)	(26,893)	(49,789)
Distributions paid to non-controlling interest		-	-	(1,931)
Cash (used in)/generated from financing activities		(62,510)	44,640	46,571
Net decrease in cash and cash equivalents		(6,422)	(95,136)	(76,196)
Cash and cash equivalents at the beginning of the period/year		71,155	147,826	147,826
Effect of movements in foreign exchange rate fluctuations on cash held		358	168	(475)
Cash and cash equivalents at the end of the period/year	15	65,091	52,858	71,155

The notes on pages 7 to 57 form part of these condensed consolidated interim financial statements.

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Notes to the Condensed Consolidated Interim Financial Statements

1. Corporate information

MAS Real Estate Inc. (the “company” or “MAS”) is domiciled in the British Virgin Islands (“BVI”). These condensed consolidated interim financial statements are as at, and for the six-month period ended 31 December 2019 and comprise the company and its subsidiaries (together referred to as the “Group”). Comparative figures are included for both the six-month period ended 31 December 2018 and the year ended 30 June 2019.

MAS is a real estate investment group with a portfolio of properties across Europe. The Group aims to deliver sustainable and growing distributions to shareholders over time.

2. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (“IFRS”) IAS 34 ‘Interim Financial Reporting’, the Johannesburg Stock Exchange (“JSE”) Listings Requirements, the Rules and Regulations of the Luxembourg Stock Exchange (“LuxSE”), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and applicable legal and regulatory requirements of the BVI Business Companies Act 2004.

Rounding of amounts

All amounts disclosed in the condensed consolidated interim financial statements and notes have been rounded off to the nearest thousand euro (“€ thousand”) unless otherwise stated.

Significant judgements and estimates

The Board has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts in the condensed consolidated interim financial statements. The directors continually evaluate these judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses based upon historical experience and on other factors that they believe to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions.

The key judgements and estimates are disclosed in the integrated annual report for the year ended 30 June 2019 with the addition of the following key judgements made in the period:

Determination of whether shares issued as part of a transaction are share based payments

During the period the Group entered into a transaction with Prime Kapital Holdings Limited (“Prime Kapital”). Under the terms of the agreement Martin Slabbert and Victor Semionov were appointed as CEO and CFO of the Group respectively. The Group has applied judgement to determine if a component of the consideration shares issued represent Share-based payment in relation to IFRS 2, refer to notes 22 and 24.

Determination of whether the acquisition of the property management platform is a business combination

The Group applied judgement to determine whether an acquisition is the acquisition of an asset, a Group of assets or a business combination in the scope of IFRS 3 ‘Business Combinations’. During the period the Group acquired control over the Romanian, Bulgarian and Polish Property Management Platforms, refer to notes 22 and 23. The acquisition has been treated as a business combination as inputs, outputs and substantive processes that are capable of providing a return were acquired.

Determination of whether investment property is classified as held for sale

The Group applies judgements to determine whether investment property meets the criteria to be classified as held for sale under IFRS 5 ‘Non-current assets held for sale’. The Group’s strategy is to dispose of its Western European portfolio of investment property, however, in accordance with the standard, it does not classify an asset as held for sale until the relevant criteria has been met.

3. Significant accounting policies

Except as described below the accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 30 June 2019. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2019 as well as any public announcements made by the Group during the six-month period ended 31 December 2019.

During the six-month period ended 31 December 2019, the Group adopted the following amendments/improvements to standards and interpretations:

- IFRS 16 – Leases
- IFRS 3 – Amendment to IFRS 3 ‘Business combinations’
- IFRIC 23 – Uncertainty over income tax treatments
- IAS 28 – Amendments to IAS 28 ‘Investments in Associates and Joint Ventures’

IFRS 16 – Leases

The Group has adopted IFRS 16 ‘Leases’ with effect from 1 July 2019. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments less any lease incentives receivable and termination payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group’s incremental borrowing rate is used. The right-of-use asset is depreciated over the minimum between the asset’s useful life, and the lease term on a straight-line basis. The new standard does not have a material impact on the condensed consolidated interim financial statements.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

IFRS 3 – Amendment to IFRS 3 ‘Business combinations’

The Group adopted the amendment to IFRS 3 on 1 July 2019. The amendments apply prospectively to transactions that occur on or after the date of first application, while transactions in prior periods do not need to be revisited. The Group has applied the amendment for the business combination that occurred during the period.

IFRIC 23 – Uncertainty over income tax treatments

The Group adopted IFRIC 23 on 1 July 2019, with effect from 1 July 2018. Following consideration by management, there has been no impact on the amounts or disclosures previously reported as a result of the adoption of the amendment to IFRIC 23.

IAS 28 – Amendments to IAS 28 ‘Investments in Associates and Joint Ventures’

The Group adopted IAS 28 on 1 July 2019, with effect from 1 July 2018. There has been no impact on amounts or disclosures previously reported as a result of the adoption of the amendment to IAS 28. The preference shares in PKM Developments (refer to note 20) fall within the scope of the amendment. There has been no change to the accounting treatment of the preference shares as these had already been recognised as a financial asset at amortised cost, in accordance with IFRS 9 ‘Financial Instruments’.

New and amended standards and interpretations not yet adopted

Below is a summary of new standards and amendments/improvements to existing standards and interpretations that are not yet effective, and which are expected to be applicable to the Group:

Amendments/improvements to standards and interpretations not yet effective	Effective for annual periods beginning on or after
Definition of material (Amendments to IAS 1 and IAS 8)	1 Jan 2020
The conceptual framework for financial reporting	1 Jan 2020
Interest rate benchmark reform (Amendment to IFRS 9, IAS 39 and IFRS 7)	1 Jan 2020

4. Rental income

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Rental income	31,672	24,813	54,702
Turnover rent	1,875	1,332	2,918
Rental income	33,547	26,145	57,620

Turnover rent represents the portion of the Group’s rental income related to variable lease payments.

Out of the Group’s total rental income during the period, no single tenant represented a quantum of more than 10% (December 2018: Edeka MIHA AG – €2,926 thousand; June 2019: Edeka MIHA AG – €5,856 thousand).

The future aggregate minimum rental receivable under non-cancellable operating leases is as follows:

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
No later than 1 year	61,346	49,934	61,801
Greater than 1 year and less than 2 years	58,312	46,283	56,667
Greater than 2 years and less than 3 years	53,193	42,145	52,513
Greater than 3 years and less than 4 years	43,351	37,355	45,753
Greater than 4 years and less than 5 years	35,957	33,316	38,980
Greater than 5 years	154,437	216,836	233,893
Total	406,596	425,869	489,607

5. Other income

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Dividend income earned on direct financial investments	730	1,880	3,812
Dividend income earned on CFDs	3,254	-	2,878
Other	688	77	569
Other income	4,672	1,957	7,259

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Dividend income earned on direct financial investments is disclosed gross of tax, with any tax consequences included as part of tax, as the Group is liable to settle the related taxes. The amount of tax on dividends from direct financial investments for the period was €94 thousand (December 2018: €361 thousand; June 2019: €786 thousand).

Dividend income earned on CFDs is recognised on the date on which the Group's right to receive payment is established, net of tax, as the Group's counterparty is liable for the related taxes.

6. Investment expenses

	Note	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Transaction fees on business combinations and costs related to material transactions		1,284	839	1,886
Transaction fees on aborted transactions		222	452	8
Transaction fees on disposal of investment property		159	-	895
Other investment expenses		217	56	421
Transaction costs on equity-settled share-based payments	24	181	-	-
Investment expenses		2,063	1,347	3,210

Cash flows

The amount of investment expenses paid in relation to operating activities was €802 thousand (December 2018: €nil; June 2019: €nil) and the amount of investment expenses paid in relation to investing activities was €1,261 thousand (December 2018: €nil; June 2019: €2,575 thousand).

Transaction fees on business combinations and costs related to material transactions

From the total amount of €1,284 thousand, €4 thousand represented transaction fees on business combinations in the current period, refer to note 23 and an amount of €659 thousand relates to business combinations acquired in previous periods. Transaction fees on material transactions include redundancy costs of €621 thousand in respect of amounts paid to Werner Behrens and Paul Osbourn, refer to note 27.

7. Fair value adjustments

	Note	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Gain on fair value of investment property	11	28,033	10,626	24,087
Gain/(loss) on fair value of investment property held for sale	12	1,241	(468)	958
Gain/(loss) on fair value of financial investments	13	12,051	(33,880)	(29,847)
(Loss)/gain on fair value of financial assets	20	(113)	(39)	433
Gain/(loss) on fair value of financial liabilities	21	696	(974)	(3,263)
Fair value adjustments		41,908	(24,735)	(7,632)
<i>Detailed as follows:</i>				
Change in fair value of investment property				
Income property	11	31,438	14,855	30,318
Development property	11	(213)	-	(475)
Land bank	11	(3,192)	(4,229)	(5,756)
		28,033	10,626	24,087
Change in fair value of investment property held for sale				
Investment property held for sale	12	1,241	(468)	958
		1,241	(468)	958
Change in fair value of financial investments				
Direct financial investments	13	2,652	(33,880)	(21,049)
CFD collateral	13	(148)	-	(240)
CFD gross exposure	13	9,547	-	(8,558)
		12,051	(33,880)	(29,847)
Change in fair value of financial assets				
Interest rate swaps	20	(113)	(39)	433
		(113)	(39)	433

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

	Note	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Change in fair value of financial liabilities				
Interest rate swaps	21	602	(90)	(1,474)
Development management fee	21	38	(299)	(661)
Priority participating profit dividend	21	56	(585)	(1,128)
		696	(974)	(3,263)

8. Finance income and finance costs

The Group's finance income and finance costs comprise:

	Note	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Finance income				
Interest on PKM Developments preference shares	20	6,583	4,835	11,194
Amortisation of capital contribution receivable	20	-	302	603
Interest on bank deposits		108	12	261
		6,691	5,149	12,058
Finance costs				
Interest on interest bearing borrowings	19	(6,834)	(3,536)	(9,398)
Amortisation of capital contribution payable	21	-	(302)	(603)
Negative interest on bank deposits		(110)	(16)	(250)
		(6,944)	(3,854)	(10,251)

Cash flows received and paid by the Group in respect of the above are classified as below:

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Finance income received			
Operating activities	4,749	4,630	9,181
Investing activities	108	12	261
	4,857	4,642	9,442
Finance costs paid			
Investing activities	(110)	(16)	(250)
Financing activities	(6,466)	(3,449)	(8,227)
	(6,576)	(3,465)	(8,477)

9. Tax

The company is domiciled in the BVI and is not subject to income tax in that jurisdiction. Operating subsidiaries of the Group, however, are subject to tax in the jurisdictions in which they operate and, potentially, in the jurisdictions through which the subsidiary investment companies are held.

The Group's tax includes the following:

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Current tax	950	1,994	3,948
Deferred tax expense	6,477	2,758	9,425
Tax expense	7,427	4,752	13,373

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

The current tax, including under/over-provisions in respect of earlier periods, for each jurisdiction is as follows:

	Reviewed Six-month period ended 31 Dec 2019		Reviewed Six-month period ended 31 Dec 2018		Audited Year ended 30 Jun 2019	
	Applicable rate %	Tax	Applicable rate %	Tax	Applicable rate %	Tax
Income/corporation tax						
Isle of Man	-	-	-	-	-	-
UK – income tax	20.0	352	20.0	284	20.0	601
UK – corporation tax	19.0	-	19.0	814	19.0	1,546
Jersey	-	-	-	-	-	-
Germany	15.8	208	15.8	220	15.8	416
Poland	19.0	202	19.0	178	19.0	357
Switzerland	26.8	6	26.8	16	26.8	24
Netherlands	20.0	42	20.0	14	20.0	33
Bulgaria	10.0	-	10.0	-	10.0	-
Romania	16.0	-	16.0	-	16.0	17
Withholding tax						
Poland	5.0	26	5.0	99	5.0	104
UK	20.0	94	20.0	85	20.0	251
France	30.0	-	30.0	116	30.0	375
Netherlands	15.0	-	15.0	160	15.0	160
Luxembourg	15.0	-	15.0	-	15.0	5
Wealth tax						
Switzerland	0.2	2	0.2	(5)	0.2	(6)
Luxembourg	0.5	18	0.5	13	0.5	65
		950		1,994		3,948

The amount of tax paid on operating activities in the period was €3,806 thousand (December 2018: €1,011 thousand; June 2019: €1,923 thousand) and the amount of tax paid on investing activities in the period was €661 thousand (December 2018: €1,348 thousand; June 2019: €2,543 thousand).

The UK corporation tax in the prior periods relates to the sale of inventory property at New Waverley (December 2018: €814 thousand; June 2019: €1,546 thousand) which was fully disposed of during the prior year. There was €nil tax charge on the sale of inventory in the current period.

Reconciliation of deferred tax:

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Net deferred tax liability brought forward	21,990	5,532	5,532
Current period/year deferred tax movement	6,477	2,758	9,425
Deferred tax recognised from business combinations	-	(563)	7,020
Foreign currency translation difference in OCI	33	8	13
Net deferred tax liability carried forward	28,500	7,735	21,990

The net deferred tax liability is split as follows:

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Deferred tax asset	3,767	781	4,280
Deferred tax liability	(32,267)	(8,516)	(26,270)
Net deferred tax liability	(28,500)	(7,735)	(21,990)

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Deferred tax asset and liability result from the following types of differences:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Revaluation of investment property and investment property cumulative statutory tax allowance	242	729	569
Fiscal losses	2,546	52	2,962
Deductible interest expense	357	-	-
Other taxable temporary differences	622	-	749
Deferred tax asset	3,767	781	4,280
Revaluation of investment property and investment property cumulative statutory tax allowance	(32,114)	(8,516)	(26,060)
Other taxable temporary differences	(153)	-	(210)
Deferred tax liability	(32,267)	(8,516)	(26,270)
Net deferred tax liability	(28,500)	(7,735)	(21,990)

The Group recognises deferred taxes on temporary differences on an asset by asset basis in line with the accounting policy.

Reconciliation of effective tax rate:

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
	Applicable rate %	Applicable rate %	Applicable rate %
Profit before tax	61,422	20,809	75,251
Tax using the company's domestic rate	0.0 -	0.0 -	0.0 -
Effect of tax rates in foreign jurisdictions	(1.0) (833)	(9.6) (2,007)	(5.2) (3,866)
Over provision in respect of previous periods	(0.1) (117)	0.1 13	(0.1) (82)
Current tax	(1.1) (950)	(9.5) (1,994)	(5.3) (3,948)
<i>Change in recognised deductible temporary differences</i>			
Revaluation of investment property	(6.1) (5,144)	(10.3) (2,142)	(11.2) (8,291)
Investment property cumulative statutory tax allowance	(1.4) (1,199)	(3.9) (815)	(2.0) (1,450)
Fiscal losses	(0.5) (419)	1.2 260	(0.2) (142)
Thin capitalisation	0.4 357	0.0 -	0.0 -
Other temporary differences	(0.1) (72)	(0.3) (61)	0.6 458
Deferred tax expense	(7.7) (6,477)	(13.3) (2,758)	(12.8) (9,425)
Net tax expense	(8.8) (7,427)	(22.8) (4,752)	(18.1) (13,373)

The Isle of Man domestic tax rate of 0% (December 2018: 0%; June 2019: 0%) was considered the most meaningful rate on the basis that the profits are earned across several jurisdictions and none of those jurisdictions dominates the Group's portfolio.

The other taxable temporary differences relate to prepayments, accruals and deferred income.

There has been no change in the applicable tax rates. The primary reason for the decrease in the effective tax rate from 18.1% for the year ended 30 June 2019 to 8.8% is as a result of changes in the geographical mix of taxable profits.

10. Intangible assets

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Goodwill	8,286	22,084	30,252
Other intangible assets	494	328	395
Intangible assets	8,780	22,412	30,647

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Goodwill			
MAS Prop	-	22,084	22,034
Shopping Centre portfolio	8,218	-	8,218
Property Management Platform	68	-	-
	8,286	22,084	30,252

Reconciliation of goodwill:

	Note	Property Manag. Platform	Shopping Centre Portfolio	MAS Prop	Total
Balance at 30 Jun 2018 (audited)		-	-	22,293	22,293
Foreign currency translation difference in OCI		-	-	(209)	(209)
Balance at 31 Dec 2018 (reviewed)		-	-	22,084	22,084
Acquisition of subsidiaries		-	8,218	-	8,218
Foreign currency translation difference in OCI		-	-	(50)	(50)
Balance at 30 Jun 2019 (audited)		-	8,218	22,034	30,252
Acquisition of subsidiaries	23	68	-	-	68
Foreign currency translation difference in OCI		-	-	593	593
Impairment		-	-	(22,627)	(22,627)
Balance at 31 Dec 2019 (reviewed)		68	8,218	-	8,286

Property Management Platform

On 27 November 2019, the Group acquired the Romanian, Bulgaria and Poland property management platform. The acquisition resulted in recognition of goodwill, refer to note 23.

MAS Property Advisors Limited ("MAS Prop")

An impairment test was performed at 31 December 2019 as a result of the acquisition of the Property Management Platform, refer to notes 22 and 23. The Property Management Platform included a change in management to enact the Group's announced strategy to dispose of the Western European portfolio and reinvest in the Central and Eastern Europe, therefore with no intention to continue its use of the services provided by MAS Prop. Therefore, the acquisition of the platform represented an impairment indicator in respect of the goodwill attributable to MAS Prop. The discount rate used was 5.86% and the budgeted period was 4.5 years. The carrying amount of the CGU, which included goodwill, exceeded its recoverable amount by €22,627 thousand, accordingly the goodwill attributable to the CGU has been fully impaired. The recoverable amount of the asset was deemed to be its value in use. As a result, an impairment of €22,627 thousand was recognised in the current period as a result of the Group's impairment test of MAS Prop. In determining the recoverable amount, the Group expects that the income generated by the CGU would significantly decrease as the Western European portfolio is disposed in line with the Group's strategy.

Property Management Platform and Shopping Centre Portfolio

The recoverable amounts of the Group's CGUs are the higher of their value-in-use and fair value less costs to sell.

As there were no indicators of impairment at 31 December 2019, no impairment test was performed, in accordance with the Group's accounting policies. Goodwill will be tested for impairment as part of the annual process for the period ended at 30 June 2020. No impairment charge arose as a result of the Group's previous annual impairment test of goodwill at 30 June 2019 (December 2018: €nil).

11. Investment property

The Group's investment property comprises:

Type	Detail
Income property	Property held to earn rental income.
Development	Property under construction, in process of being developed for future use as income property or for sale and land plots to be utilised for future developments.
Land bank	Land plots held for future development.

The carrying amount of the Group's investment property was as follows:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Income	809,339	731,586	852,840
Development	331	-	-
Land bank	-	21,340	19,222
	809,670	752,926	872,062

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

As at 31 Dec 2019 (reviewed)

	Note	Income	Development	Land bank	Total
Opening balance		852,840	-	19,222	872,062
Capitalised expenditure ¹		5,735	213	795	6,743
Transfer to development property		(331)	331	-	-
Transfer to investment property held for sale	12	(89,010)	-	(17,775)	(106,785)
Fair value adjustment	7	31,438	(213)	(3,192)	28,033
Foreign currency translation difference		8,667	-	950	9,617
Closing balance		809,339	331	-	809,670

¹ The Group paid €6,641 thousand in relation to capitalised expenditure during the period.

As at 31 Dec 2018 (reviewed)

	Note	Income	Development	Land bank	Total
Opening balance		546,238	-	32,974	579,212
Property acquisitions		25,000	-	-	25,000
Property acquisitions in business combinations		142,785	-	-	142,785
Transfer to investment property held for sale	12	-	-	(11,628)	(11,628)
Capitalised expenditure ¹		3,759	-	4,295	8,054
Capitalised interest on general borrowings		-	-	217	217
Fair value adjustment	7	14,855	-	(4,229)	10,626
Foreign currency translation difference		(1,051)	-	(289)	(1,340)
Closing balance		731,586	-	21,340	752,926

¹ The Group paid €8,054 thousand in relation to capitalised expenditure during the period.

As at 30 June 2019 (audited)

	Note	Income	Development	Land bank	Total
Opening balance		546,238	-	32,974	579,212
Property acquisitions		87,550	-	-	87,550
Property acquired in business combinations		249,114	-	-	249,114
Capitalised acquisition costs ¹		7,135	-	-	7,135
Capitalised expenditure ¹		4,753	475	6,781	12,009
Capitalised interest on general borrowings		-	-	352	352
Transfer to investment property held for sale	12	(71,090)	-	(14,779)	(85,869)
Fair value adjustment	7	30,318	(475)	(5,756)	24,087
Foreign currency translation difference		(1,178)	-	(350)	(1,528)
Closing balance		852,840	-	19,222	872,062

¹ The Group paid €18,791 thousand in relation to capitalised expenditure during the year.

Lease incentive accrual

Income investment property has been adjusted to take into account the lease incentive accruals as follows:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Gross valuation	811,848	731,997	855,028
Lease incentive accrual	(2,509)	(411)	(2,188)
Carrying value	809,339	731,586	852,840

Interest bearing borrowings

Bank borrowings of €310,965 thousand (December 2018: €256,640 thousand; June 2019: €330,258 thousand) are secured against investment property with a carrying amount of €644,145 thousand (December 2018: €514,601 thousand; June 2019: €655,452 thousand), refer to note 19.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Measurement of fair values

- *Valuation process for level 3 investment property*

On a semi-annual basis the fair value of investment property is determined by external independent property valuation experts, with appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. For details of the respective valuers used refer to page 58.

For all investment properties their current values equate to the highest and best use.

- *Fair value hierarchy*

The fair value measurement of all the Group's investment properties has been categorised as level 3 in the fair value hierarchy based upon the significant unobservable inputs into the valuation techniques used.

- *Valuation techniques and significant unobservable inputs*

Discounted cash flows (DCF):

The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rates, void periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms. Significant unobservable inputs used in the DCF valuation model are risk adjusted discount rates, estimated rental value, net rental growth and unrecoverable capital expenditures. The estimated fair value would increase/(decrease) if expected market rental growth was higher/(lower), the estimated rental value was higher/(lower), the unrecoverable capital expenditures were lower/(higher) and the risk adjusted discount rate was lower/(higher).

Capitalisation rate:

The valuation model considers the value of the property based on actual location, size and quality of the property taking into account market data and the capitalisation rate of future income streams at the valuation date. Significant unobservable inputs used in the capitalisation rate model are capitalisation rate and estimated rental value. The estimated fair value would increase/(decrease) if either the capitalisation rate was lower/(higher) or if the estimated market rent was higher/(lower).

Residual method:

The valuation model considers the gross development value of the property based on an independent view of market values for the completed development less any costs to complete. Significant unobservable inputs used in the residual method are costs to complete and gross development value. The estimated fair value would increase/(decrease) if the budgeted costs to complete were lower/(higher) or if the residential unit price was higher/(lower).

Purchase price:

The valuation model takes into account the recent acquisition price, which equals the amount a third party would be willing to pay. Significant unobservable inputs used in the purchase price method represents the purchase price for the property. The estimated fair value would increase/(decrease) if the number of the interested parties was higher/(lower) or if the availability of comparable properties was lower/(higher), thus altering the acquisition price.

Firm offers:

The valuation model takes into account the amount a third party is willing to pay. Significant unobservable inputs used in the firm offers method represents the firm offer. The estimated fair value would increase/(decrease) if the number of the interested parties was higher/(lower) and or, the availability of comparable properties lower/(higher), thus altering the offer price.

Firm offers less costs to complete:

Fair value is based on the amount a third party is willing to pay less any costs to complete. Significant unobservable inputs used in the firm offers less costs to complete method are the firm offer and costs to complete (excluding transaction costs). The estimated fair value would increase/(decrease) if either the budgeted costs to complete was lower/(higher) and/or, the residential unit price was higher/(lower).

The Group's income property was valued by using either the DCF, capitalisation rate or residual method for all periods reported, except for 31 Dec 2018 when the firm offers method has also been used. Land bank was valued based on the residual methods for all periods.

- *Change to valuation methods used*

At 31 December 2018 the fair value of New Ueberior House was its purchase price as a result of the acquisition occurring close to the year end. At 30 June 2019, the Group has obtained an independent valuation, and the valuation technique used was the capitalisation rate method. At 30 June 2018 the fair value of Land bank was valued at firm offers less costs to complete. At 30 June 2019 the Group obtained independent valuations, and the valuation technique used was the residual value method. At 31 December 2018 the method of valuation for investment property of €85,094 thousand changed from purchase price to discounted cash flows and the method of valuation for investment property of €2,483 thousand changed from discounted cash flows to a firm offer.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

• Fair value sensitivity analysis

As at 31 Dec 2019

Income property

DCF:

Valuation	Significant unobservable inputs											
	Discount rate			Net rental growth			Reversionary discount rate			Estimated rental value		
	Sensitivity			Sensitivity			Sensitivity			Sensitivity		
	Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input, p.a.	Change	Valuation
629,261	4.50 % -	0.5%	606,476	1.00%-	2.5%	711,185	1.00% -	0.5%	608,463	47,816	10%	679,959
	10.61 %	-0.5%	658,006	2.00%	-2.5%	568,657	9.08%	-0.5%	658,194		-10%	582,862

Capitalisation rate:

Valuation	Significant unobservable inputs					
	Capitalisation rate			Estimated Rental Value		
	Sensitivity			Sensitivity		
	Input %	Change	Valuation	Input p.a.	Change	Valuation
177,668	5-15 % -	5%	170,303	11,744	5%	191,614
	6.40 %	-5%	197,339		-5%	167,487

Residual method:

Valuation	Significant unobservable inputs					
	Gross Development Value			Costs to Complete		
	Sensitivity			Sensitivity		
	Input p.a.	Change	Valuation	Input p.a.	Change	Valuation
2,410	2,557	5%	2,538	162	5%	2,401
		-5%	2,281		-5%	2,418
809,339						

As at 30 Jun 2019

Income property

DCF:

Valuation	Significant unobservable inputs											
	Discount rate			Net rental growth			Reversionary discount rate			Estimated rental value		
	Sensitivity			Sensitivity			Sensitivity			Sensitivity		
	Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input, p.a.	Change	Valuation
677,106	2.99%-	0.5%	650,653	1.00%-	2.5%	724,264	5.00%-	0.5%	655,625	51,595	10%	716,165
	11.75%	-0.5%	712,127	2.00%	-2.5%	640,613	9.50%	-0.5%	701,483		-10%	638,953

Capitalisation rate:

Valuation	Significant unobservable inputs					
	Capitalisation rate			Estimated Rental Value		
	Sensitivity			Sensitivity		
	Input %	Change	Valuation	Input p.a.	Change	Valuation
173,447	5.00%-	5%	166,163	11,448	5%	186,465
	6.37%	-5%	192,263		-5%	163,368

Residual method:

Valuation	Significant unobservable inputs					
	Gross Development Value			Costs to Complete		
	Sensitivity			Sensitivity		
	Input p.a.	Change	Valuation	Input p.a.	Change	Valuation
2,287	2,413	5%	2,382	151	5%	2,254
		-5%	2,141		-5%	2,269
852,840						

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

As at 30 Jun 2019

Land bank

Residual method:

Valuation	Significant unobservable inputs					
	Gross Development Value			Costs to Complete		
	Sensitivity			Sensitivity		
	Input p.a.	Change	Valuation	Input p.a.	Change	Valuation
19,222	20,412	5%	20,320	1,189	5%	19,163
		-5%	18,200		-5%	19,282

As at 31 Dec 2018

Income property

DCF:

Valuation	Significant unobservable inputs											
	Discount rate			Net rental growth			Reversionary discount rate			Estimated rental value		
	Sensitivity			Sensitivity			Sensitivity			Sensitivity		
	Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input, p.a.	Change	Valuation
704,103	4.50%-	0.5%	671,047	1.00%-	2.5%	758,752	5.68%-	0.5%	695,828	53,860	10%	758,126
	11.50%	-0.5%	753,426	2.00%	-2.5%	673,526	9.50%	-0.5%	761,787		-10%	670,404

Purchase price:

Valuation	Significant unobservable inputs		
	Sensitivity		
	Input p.a.	Change	Valuation
25,000	25,000	5%	26,250
		-5%	23,750

Firm offer:

Valuation	Significant unobservable inputs		
	Sensitivity		
	Input p.a.	Change	Valuation
2,483	2,483	5%	2,607
		-5%	2,359
731,586			

Land bank

Residual method:

Valuation	Significant unobservable inputs					
	Gross Development Value			Costs to Complete		
	Sensitivity			Sensitivity		
	Input p.a.	Change	Valuation	Input p.a.	Change	Valuation
21,340	23,532	5%	24,709	2,192	5%	2,301
		-5%	22,355		-5%	2,082

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

12. Investment property held for sale

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Income property	160,350	-	71,090
Land bank	41,740	16,842	21,520
Investment property held for sale	202,090	16,842	92,610

Reconciliation of the Group's investment property held for sale were as follows:

	Note	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Opening balance		92,610	53,588	53,588
Transfer from investment property	11	106,785	11,628	85,869
Disposals		(900)	(49,263)	(49,257)
Capitalised expenditure ¹		1,155	1,858	1,975
Fair value adjustment	7	1,241	(468)	958
Foreign currency translation reserve		1,199	(501)	(523)
Closing balance		202,090	16,842	92,610

¹Of the €1,155 thousand (December 2018: €1,858 thousand; June 2019: €1,975 thousand) capitalised expenditure incurred during the year the Group paid €1,297 thousand (December 2018: €1,439 thousand; June 2019: €1,717 thousand).

The Group incurred capitalised expenditure of €1,155 thousand (December 2018: €1,858 thousand; June 2019: €1,975 thousand) in order to maximise the capital value of the assets held for sale.

Bank borrowings of €79,886 thousand (December 2018: €nil; June 2019: €34,442 thousand) are secured against investment property held for sale with a carrying amount of €160,350 thousand (December 2018: €nil; June 2019: €71,090 thousand), refer to note 19.

Measurement of fair values

- Fair value hierarchy*

The fair value measurement of all the Group's investment property held for sale has been categorised as level 3 in the fair value hierarchy based upon the significant unobservable inputs into the valuation technique used.

- Valuation technique and significant unobservable inputs*

The fair value measurement of all the Group's investment property held for sale has been categorised as level 3 in the fair value hierarchy based upon the significant unobservable inputs into the valuation technique used.

Income property and land bank included in Investment property held for sale were valued at 31 December 2019 and 30 June 2019 based on the DCF method and the residual method, respectively. The same methodology as described in note 11 'Investment property' has been applied to assets classified as Investment property held for sale.

- Change to valuation method used*

At 31 December 2018 the fair value of land bank investment property held for sale was determined using the firm offers less costs to complete valuation method. At 31 December 2019 and 30 June 2019, the Group decided to obtain an independent valuation and the valuation technique used was the residual value method.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

- Fair value sensitivity analysis

As at 31 Dec 2019

Income property

DCF:

Valuation	Significant unobservable inputs											
	Discount rate			Net rental growth			Reversionary discount rate			Estimated rental value		
	Sensitivity			Sensitivity			Sensitivity			Sensitivity		
	Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input, p.a.	Change	Valuation
160,350	4.50%-	0.5%	156,750	1.00%	2.5%	175,690	5.00%-	0.5%	156,450	10,534	10.0%	166,420
	5.90%	-0.5%	169,540		-2.5%	155,770		-0.5%	171,080		-10.0%	159,560

Land bank

Residual method:

Residual method.						
Valuation	Firm offers less costs to sell			Costs to Complete		
	Sensitivity			Sensitivity		
	Input p.a.	Change	Valuation	Input p.a.	Change	Valuation
41,740	43,319	5%	43,295	1,049	5%	40,961
		-5%	38,872		-5%	41,197
202,090						

As at 30 Jun 2019

Income property

DCF:

Valuation	Significant unobservable inputs											
	Discount rate			Net rental growth			Reversionary discount rate			Estimated rental value		
	Sensitivity			Sensitivity			Sensitivity			Sensitivity		
	Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input, p.a.	Change	Valuation
71,090	5.25%-	0.5%	70,760	1.00%-	2.5%	82,780	5.25%-	0.5%	70,730	4,760	10.0%	78,310
	6.20%	-0.5%	76,760		-2.5%	66,910		-0.5%	78,430		-10.0%	68,790

Land bank

Residual method:

Residual method:						
Valuation	Gross development value			Costs to Complete		
	Input p.a.	Sensitivity		Input p.a.	Sensitivity	
		Change	Valuation		Change	Valuation
21,520	23,306	5%	22,689	1,854	5%	21,427
		-5%	20,351		-5%	21,613
92.610						

As at 31 Dec 2018

Land bank

Firm offers less costs to complete:

Firm offers less costs to complete:						
Valuation	Firm offers			Costs to Complete		
	Input p.a.	Sensitivity		Input p.a.	Sensitivity	
		Change	Valuation		Change	Valuation
16,842	19,731	5%	20,718	2,889	5%	3,034
		-5%	18,744		-5%	2,745
16,842						

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

13. Financial investments

Financial investments have been classified as fair value through profit or loss. Accordingly, they are measured at fair value at the reporting date with changes in fair value recognised in profit or loss. The Group's financial investments comprise:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Direct financial investments	31,016	149,172	41,849
Contract for difference collateral held	38,400	-	45,965
	69,416	149,172	87,814

As at 31 Dec 2019 (reviewed)								
	Share price €	No of shares '000	Fair value direct investments	CFD collateral	Total financial investments	Funding leg		Gross exposure
						On acquisition	Variable exposure movement	
Direct financial investments								
British Land Company PLC	7.51	813	6,100	-	6,100	-	-	6,100
Land Securities Group PLC	11.64	558	6,487	-	6,487	-	-	6,487
Empiric Student Property PLC	1.15	2,685	3,077	-	3,077	-	-	3,077
Primary Health Properties PLC	1.88	1,450	2,727	-	2,727	-	-	2,727
PRS REIT PLC	1.10	750	811	-	811	-	-	811
Real Estate Credit Investments Ltd	1.97	1,583	3,125	-	3,125	-	-	3,125
Target Healthcare REIT Ltd	1.36	600	818	-	818	-	-	818
Tritax Big Box REIT PLC	1.75	4,500	7,871	-	7,871	-	-	7,871
			31,016	-	31,016	-	-	31,016
Contracts for difference								
Cofinimmo CMN	131.00	90	-	4,284	4,284	6,426	1,080	11,790
Intervest offices & warehouses CMN	25.60	132	-	1,313	1,313	1,969	88	3,370
Klepierre SA	33.85	1,626	-	20,393	20,393	30,590	4,069	55,052
Unibail-Rodamco Westfield SE	140.65	133	-	8,012	8,012	12,018	(1,377)	18,653
LXI REIT	1.64	4,964	-	3,042	3,042	4,553	556	8,151
PRS REIT PLC	1.10	3,000	-	1,356	1,356	2,096	(134)	3,318
			-	38,400	38,400	57,652	4,282	100,334
Total financial investments			31,016	38,400	69,416	57,652	4,282	131,350

As at 30 June 2019 (audited)								
	Share price €	No of shares '000	Fair value direct investments	CFD collateral	Total financial investments	Funding leg		Gross exposure
						On acquisition	Variable exposure movement	
Direct financial investments								
Eurocommercial Properties NV	23.50	193	4,537	-	4,537	-	-	4,537
British Land Company PLC	6.01	1,625	9,759	-	9,759	-	-	9,759
Land Securities Group PLC	9.29	1,115	10,362	-	10,362	-	-	10,362
Empiric Student Property PLC	1.01	2,685	2,719	-	2,719	-	-	2,719
Primary Health Properties PLC	1.49	1,450	2,157	-	2,157	-	-	2,157
PRS REIT PLC	1.05	750	786	-	786	-	-	786
Real Estate Credit Investments Ltd	1.90	1,583	3,010	-	3,010	-	-	3,010
Target Healthcare REIT Ltd	1.29	600	774	-	774	-	-	774
Tritax Big Box REIT PLC	1.72	4,500	7,745	-	7,745	-	-	7,745
			41,849	-	41,849	-	-	41,849
Contracts for difference								
Cofinimmo CMN	114.20	64	-	3,058	3,058	4,587	(309)	7,336
Intervest offices & warehouses CMN	24.70	132	-	1,313	1,313	1,969	(30)	3,252
Klepierre SA	29.48	1,626	-	20,393	20,393	30,590	(3,038)	47,945
Mercialys	11.61	773	-	4,033	4,033	6,050	(1,109)	8,974
Unibail-Rodamco Westfield SE	131.75	265	-	15,851	15,851	23,776	(4,764)	34,863
PRS REIT PLC	1.05	3,000	-	1,317	1,317	1,975	(139)	3,153
			-	45,965	45,965	68,947	(9,389)	105,523
Total financial investments			41,849	45,965	87,814	68,947	(9,389)	147,372

All amounts in € thousand unless otherwise stated.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

	As at 31 Dec 2018 (reviewed)		
	Share price €	Number of shares '000	Fair value
Direct financial investments			
Klepierre SA	26.96	1,626	43,847
Unibail Rodamco Westfield SE	135.40	265	35,829
Hufvudstaden AB	13.35	1,083	14,458
Eurocommercial Properties NV	26.98	497	13,418
Covivio SA	84.20	150	12,655
Land Securities Group PLC	8.99	1,115	10,027
British Land Company PLC	5.96	1,625	9,686
Mercialys SA	11.97	773	9,252
Total financial investments			149,172

Reconciliation of financial investments:

	Note	Fair value direct financial investments	CFD collateral	CFD gross exposure
As at 30 Jun 2018 (audited)		183,052	-	-
Fair value adjustment	7	(33,880) ¹	-	-
As at 31 Dec 2018 (reviewed)		149,172	-	-
Purchases		16,729 ²	-	14,259 ¹
Disposals		(20,794) ²	-	(16,267) ¹
Transfer to CFD		(116,089) ²	-	116,089 ¹
CFD collateral in relation to purchases		-	52,407 ²	-
CFD collateral in relation to disposals		-	(6,202) ²	-
Fair value adjustment	7	12,831 ¹	(240) ¹	(8,558) ²
As at 30 Jun 2019 (audited)		41,849	45,965	105,523
Purchases		-	-	10,831 ¹
Disposals		(13,485) ²	-	(25,567) ¹
Transfer to CFD		-	-	-
CFD collateral in relation to purchases		-	4,252 ²	-
CFD collateral in relation to disposals		-	(11,872) ²	-
Foreign exchange in relation to CFD Collateral		-	203 ¹	-
Fair value adjustment	7	2,652 ¹	(148) ¹	9,547 ²
As at 31 Dec 2019 (reviewed)		31,016	38,400	100,334

¹Non-cash flow movements

²Cash flow movements

Direct financial investments

Fair value adjustments in relation to direct financial investments represent the full fair value movement of the direct financial investment portfolio, including fair value movements on purchases and disposals during the year.

CFD Collateral

The majority of the CFD collateral is contractually required to be held in the form of German government bonds with a maturity of 1 year or less, with the remainder of CFD collateral held as cash. German bonds are carried at fair value through profit or loss. They have a maturity of 13 March 2020 and par value of €41,200 thousand (December 2018: €nil; June 2019: €41,200 thousand). The total cost of the bonds purchased during the period was €nil (December 2018: €nil; June 2019: €41,430 thousand). The CFD collateral held as cash is carried at amortised cost.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

	Held as German bonds	Held as cash	Total
As at 30 Jun 2018 (audited)	-	-	-
As at 31 Dec 2018 (reviewed)	-	-	-
Purchase price of 1-year German bonds	41,430	-	41,430
Transfer of cash to collateral account	-	4,775	4,775
Fair value adjustment	(240)	-	(240)
As at 30 Jun 2019 (audited)	41,190	4,775	45,965
Transfer of cash from collateral account	-	(4,775)	(4,775)
Amounts transferred to held as cash	(2,642)	-	(2,642)
Fair value adjustment	(148)	-	(148)
As at 31 Dec 2019 (reviewed)	38,400	-	38,400

During the period gross dividend income of €730 thousand (December 2018: €1,880 thousand; June 2019: €3,812 thousand) was recognised from direct financial assets and €3,254 thousand (December 2018: €nil; June 2019: €2,878 thousand) was recognised from the CFD portfolio as other income, refer to note 5.

Fair value hierarchy

The fair value measurement of all the Group's financial investments has been categorised as level 1 in the fair value hierarchy as they are traded in active markets and are measured at quoted market prices at the end of the reporting period.

Fair value

The total fair value gains/(losses) related to financial investments represents a gain of €12,051 thousand (December 2018: loss of €33,880 thousand; June 2019: loss of €29,847 thousand), refer to note 7.

Interest bearing borrowings

For the period ended 31 December 2018, bank borrowings of €73,883 thousand were secured against the listed real estate equity securities, refer to note 19.

14. Investment in equity accounted investee

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
PKM Developments	30,266	30,173	21,888

Reconciliation of investment in equity accounted investee:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Opening balance	21,888	23,774	23,774
Share of profit, net of tax	8,378	6,399	11,009
Distribution	-	-	(12,895)
Closing balance	30,266	30,173	21,888

The Group has an investment in PKM Developments Limited, a development property group which develops investment property predominantly in Romania, as well as other central and eastern European countries. PKM Developments is an associate of the Group, of which MAS owns 40% of the ordinary shares and therefore has significant influence. The remaining 60% of the ordinary shares are owned by Prime Kapital Holdings Limited ("Prime Kapital", "PK"). Prime Kapital provides development services and oversees the development process for the joint venture. PKM Developments Limited is incorporated in the Isle of Man.

In addition to the investment in the ordinary shares, MAS has invested in 7.5% preference shares issued by PKM Developments, refer to note 20. At the period end the amount invested was €170,000 thousand (December 2018: €157,000 thousand; June 2019: €170,000 thousand). The preference shares issued by PKM Developments are not considered to be part of the long-term interest that the Group has in PKM Developments.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

The following table summarises the financial information of PKM Developments as included in its own financial statements which are prepared in accordance with IFRS:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Statement of financial position – PKM Developments			
Non-current assets	228,095	207,359	212,434
Current assets	58,400	63,103	30,658
Total assets	286,495	270,462	243,092
Non-current liabilities	189,438	174,026	178,036
Current liabilities	19,287	17,916	8,444
Total liabilities	208,725	191,942	186,480
Net assets	77,770	78,520	56,612
Percentage of the Group's ownership interest	40%	40%	40%
Un-adjusted Group share of net assets	31,108	31,408	22,644
Elimination of preference share interest capitalised on qualifying assets carried at cost	(901)	(1,294)	(815)
Net assets attributable to the Group	30,207	30,114	21,829
Capitalised costs	59	59	59
Carrying amount	30,266	30,173	21,888
	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Statement of profit or loss and other comprehensive income – PKM Developments			
Rental income	2,219	2,790	5,519
Service charge income and other recoveries	808	1,412	2,958
Service charge and other property operating expenses	(886)	(1,364)	(3,120)
Other income	621	145	162
Corporate expenses	(300)	(209)	(462)
Investment expenses	(85)	(324)	(634)
Fair value adjustments	27,435	21,181	29,253
Foreign currency exchange differences	(87)	-	(188)
Finance income	1,219	30	1,305
Finance costs	(1,767)	(852)	(2,864)
Tax expense	(8,017)	(5,885)	(4,674)
Total profit	21,160	16,924	27,255
Percentage of the Groups ownership interest	40%	40%	40%
Total profit and other comprehensive income attributable to the Group	8,464	6,770	10,902
Elimination of preference share interest capitalised on qualifying assets carried at cost	(86)	(371)	107
Group's share of profit	8,378	6,399	11,009

PKM Developments has no other comprehensive income.

At 30 June 2019, PKM Developments was subject to litigation brought forward by an unpaid lender which was acquired as part of a business combination. The matter was settled during the period for €620 thousand. PKM Developments is currently not subject to any litigation further to the settlement mentioned.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

15. Cash and cash equivalents

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Bank balances	62,449	52,858	71,155
German bonds	2,642	-	-
	65,091	52,858	71,155

Reconciliation of cash generated from operating activities:

	Note	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Profit for the period/year		53,995	16,057	61,878
<i>Adjustments for:</i>				
Amortisation and depreciation		116	53	102
Loss on disposal of property, plant and equipment		1	91	-
Investment expenses	6	2,063	-	3,210
Share-based payment expense on geared share purchase plan shares	17	94	240	75
Share-based payment expense on executive management share purchase plan shares		68	-	-
Fair value adjustments	7	(41,908)	24,735	7,632
Foreign exchange differences		(4,587)	(34)	365
Finance income	8	(6,691)	(5,149)	(12,058)
Finance costs	8	6,944	3,854	10,251
Share of profit from equity accounted investees	14	(8,378)	(6,399)	(11,009)
Goodwill impairment/ (gain on bargain purchase)		22,627	(12,263)	(12,263)
Tax expense	9	7,427	4,752	13,373
Profit on sales of inventory property		(326)	(4,288)	(8,151)
Cash generated from operating activities		31,445	21,649	53,405

Included within cash from operations is cash received from dividend income from direct financial investments and from CFDs of €730 thousand (December 2018: €1,880 thousand; June 2019: €3,812 thousand) and €3,254 thousand (December 2018: €nil; June 2019: €2,878 thousand) respectively, refer to note 5.

16. Share capital and treasury shares

The ordinary share capital of the company has no par value. The reconciliation of share capital is as follows:

	Note	Treasury shares – geared share purchase plan shares				Total	
		Share capital				No of shares	
		No of shares	No of shares	No of shares	No of shares	No of shares	No of shares
Balance at 30 Jun 2018 (audited)		645,343,798	829,250	(7,850,000)	(12,863)	637,493,798	816,387
Balance at 31 Dec 2018 (reviewed)		645,343,798	829,250	(7,850,000)	(12,863)	637,493,798	816,387
Issued during the year							
Geared share purchase plan shares issued	24	1,531,127	1,990	(1,531,127)	(1,990)	-	-
Geared share purchase plan shares forfeited and cancelled	24	(4,000,000)	(6,554)	4,000,000	6,554	-	-
Balance at 30 Jun 2019 (audited)		642,874,925	824,686	(5,381,127)	(8,299)	637,493,798	816,387
Issued during the year							
Consideration shares issued	22	67,000,000	77,161	-	-	67,000,000	77,161
Geared share purchase plan shares forfeited and cancelled	24	(1,531,127)	(1,990)	1,531,127	1,990	-	-
Balance at 31 Dec 2019 (reviewed)		708,343,798	899,857	(3,850,000)	(6,309)	704,493,798	893,548

Consideration shares issued

The Group issued 67,000,000 shares at an issue price of €1.15395 (ZAR 18.96) per share in consideration for the acquisition of the Property Management Platform and Prime Kapital's effective economic interest in the Joint venture, refer to note 22. Transaction costs of €154 thousand (December 2018: €nil; June 2019: €nil) were deducted from share capital.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Distributions

The holders of the company's shares are entitled to distributions as declared and to one vote per share at general meetings of the company. Distributions of the company can be paid from retained earnings or as a return of capital in accordance with the BVI Business Companies Act 2004.

The following table shows distributions in the reported periods:

	Note	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Distribution to shareholders of the Group		31,683	25,692	49,790
Distribution to non-controlling interest	18	1,549	1,203	1,931

The Board has approved an interim distribution to shareholders of 4.24 euro cents per share, refer to note 25.

Treasury shares - geared share purchase plan shares

Werner Behrens and Paul Osbourn resigned as CEO and CFO respectively on 20 November 2019, and their 1,531 thousand allocated geared share purchase plan shares were forfeited and cancelled upon their exit from the scheme, refer to note 24.

17. Share-based payment reserve

The share-based payment reserve relates to the option expense of the Group's geared share purchase plan.

Reconciliation of geared share purchase plan:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Opening balance	975	1,032	1,032
<i>Shared-based payment expense</i>	94	305	75
Recognised during the year	164	305	539
Recycled during the year - forfeited shares	(70)	-	(464)
Non-forfeitable distribution	(148)	(65)	(132)
Closing balance	921	1,272	975

Share based payment arrangements

On 20 November 2019, Werner Behrens' and Paul Osbourn's shares in the geared share purchase plan were forfeited and cancelled upon their exit from the scheme, refer to note 24. Accordingly, €70 thousand which relates to unvested shares was recycled to profit or loss within employment expenses.

Refer to note 27 for further information of the share-based payment expense related to key management compensation and directors' remuneration.

18. Non-controlling interest (NCI)

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Opening balance	7,439	2,527	2,527
Share of profit	1,428	4,969	6,843
Distribution to NCI	(1,549)	(1,203)	(1,931)
Acquisition of NCI	(7,318)	-	-
Closing balance	-	6,293	7,439

The non-controlling interest related to the participation by Prime Kapital in PKM CEE Investments Limited, the joint venture entered into with the Group. Under the terms of the joint venture agreement, Prime Kapital's effective economic interest was equivalent to a 20% direct participation in the joint venture, less the interest cost on the participation funding that was provided by MAS. The effective interest rate on this participation funding was equivalent to the weighted average cost of external funding achieved by the joint venture.

On 27 November 2019, MAS acquired Prime Kapital's effective economic interest in PKM CEE Investments Limited. The Group issued 52,647,211 shares to Prime Kapital with a value of €60,752 thousand in consideration of the economic interest, refer to note 22. At transaction date, the carrying amount of the existing 20% non-controlling interest in PKM CEE Investments Limited represented €7,318 thousand. During the period reported and until the transaction date, Prime Kapital's share of the economic interest has generated distributable earnings of €1,549 thousand (December 2018: €1,203 thousand; June 2019: €1,931 thousand) in relation to its participation in the joint venture.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

The following tables summarise the financial information of the joint venture up to the transaction date (27 November 2019), being the acquisition date:

Reconciliation of profit or loss to NCI:

	Reviewed Six-month period ended 27 Nov 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Statement of profit or loss and other comprehensive income			
Rental income	14,562	12,039	27,949
Service charge income and other recoveries	4,318	3,768	10,138
Service charge and other property expenses	(4,873)	(4,446)	(11,711)
Other income	579	12,329	558
Corporate expenses	(395)	(518)	(892)
Investment expenses	(413)	(1,195)	(1,711)
Fair value adjustments	252	10,489	28,939
Foreign currency exchange differences	22	27	-
Finance income	42	11,893	212
Finance costs	(6,477)	(17,682)	(13,186)
Tax expense	(1,357)	(3,226)	(8,256)
Total profit	6,260	23,478	32,040
Elimination of intercompany transactions	3,600	4,870	8,940
Total adjusted profit	9,860	28,348	40,980
Percentage ownership interest	20%	20%	20%
Total profit and other comprehensive income attributable to NCI	1,972	5,670	8,196
Elimination of interest cost on participation loan	(544)	(701)	(1,353)
NCI's share of profit	1,428	4,969	6,843

Reconciliation of net assets to NCI:

	Reviewed as at 27 Nov 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Statement of financial position			
Investment property	439,747	320,510	437,690
Other non-current assets	11,098	65	8,020
Cash and cash equivalents	22,364	8,134	13,828
Other current assets	7,974	293,120	13,339
Total assets	481,183	621,829	472,877
Non-current liabilities	423,111	59,587	406,925
Current liabilities	14,735	534,816	28,875
Total liabilities	437,846	594,403	435,800
Net assets	43,337	27,426	37,078
Elimination of intercompany transactions to date	31,247	23,578	27,647
Closing adjusted net assets	74,584	51,004	64,725
Percentage ownership interest	20%	20%	20%
Total adjusted net assets attributable to NCI	14,917	10,200	12,945
Elimination of interest cost on participation loan to date	(3,181)	(1,985)	(2,637)
Distribution paid to date	(4,418)	(1,922)	(2,869)
NCI's share of net assets	7,318	6,293	7,439

Consideration paid for NCI

The difference between the consideration shares issued for the acquisition of Prime Kapital's effective economic interest in the joint venture at acquisition date, together with the transaction fees incurred on acquisition of the balance of NCI, has been deducted from the Group's retained earnings, as shown in the table below. The consideration to be paid in shares has been determined based on the fair value of discounted cash flows representing Prime Kapital's effective economic interest in the joint venture, for the remaining term of the agreement with MAS. In estimating future cash flows, future potential of assets has been considered, including organic growth of net rental income, as well as estimated growth from future extensions and refurbishments of existing assets.

The excess has been recognised as a debit to retained earnings (not within profit or loss) in accordance with IFRS 10 'Consolidated Financial Statements'.

	Reviewed as at 27 Nov 2019
Consideration shares issued	60,752
Acquisition of NCI	(7,318)
Transaction fees incurred on acquisition of NCI	681
Adjustment to retained earnings	54,115

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

19. Interest bearing borrowings

The carrying amount of the Group's interest-bearing borrowings was as follows:

	Note	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Non-current				
Bank borrowings		299,998	242,267	312,755
		299,998	242,267	312,755
Current				
Bank borrowings		101,302	88,255	51,946
Amounts owed to PKM Developments	27	34,953	-	91,761
		136,255	88,255	143,707
		436,253	330,522	456,462

The amount owed to PKM Developments of €34,953 thousand (December 2018: €nil; June 2019: €91,761 thousand) relates to the interest-bearing deferred consideration on the portfolio of shopping centres in Romania acquired from PKM Developments in the prior financial year. During the period, interest expense of €1,192 thousand (December 2018: €nil; June 2019: €1,244 thousand) has been recognised on the interest-bearing deferred consideration, and €58,000 thousand (December 2018: €nil; June 2019: €2,798 thousand) has been repaid to PKM Developments, refer note 27. The amounts owed to PKM Developments are guaranteed by the company and are secured against the PKM Developments preference shares and the shares of the property-owning legal entities acquired in the transaction of the shopping centres.

The carrying amount of interest-bearing borrowings approximates their fair value.

The carrying amount of the Group's bank borrowings by jurisdiction was as follows:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Non-current			
German investment property	95,319	132,986	141,393
CEE investment property	134,793	59,159	104,281
UK investment property	62,739	42,893	59,920
Swiss investment property	7,147	7,229	7,161
	299,998	242,267	312,755
Current			
German investment property	82,095	3,225	38,236
CEE investment property	7,414	2,792	5,137
UK investment property	985	8,009	8,222
Swiss investment property	359	346	351
BVI Group facility – unsecured	10,449	-	-
BVI Group facility – secured	-	73,883	-
	101,302	88,255	51,946
	401,300	330,522	364,701

Included within bank borrowings is €79,886 thousand (December 2018 €nil; June 2019: €34,442 thousand) of debt which is secured against investment property held for sale with a carrying amount of €160,350 thousand (December 2018: €nil and June 2019: €71,090 thousand), refer to note 12. Bank borrowings of €310,965 thousand (December 2018: €256,640 thousand; June 2019: €330,258 thousand) are secured against investment property with a carrying amount of €644,145 thousand (December 2018: €514,601 thousand; June 2019: €655,452 thousand), refer to note 11.

At 31 December 2018, the unsecured BVI Group facility of €73,883 thousand was secured against the Group's listed real estate equity securities with a value of €149,172 thousand, refer to note 13.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Reconciliation of the Group's carrying amount of interest-bearing borrowings:

	Note	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Opening balance		456,462	242,713	242,713
<i>Changes from financing cash flows</i>				
Proceeds from interest-bearing borrowings		52,423	101,208	218,590
Acquisition of subsidiaries		-	12,842	-
Transaction costs related to interest-bearing borrowings		(1,611)	(898)	(2,535)
Repayment of interest-bearing borrowings		(75,019)	(25,328)	(109,537)
Interest paid		(6,466)	(3,449)	(8,227)
<i>Non cash-flow movements</i>				
Borrowings acquired through business combinations		-	-	12,842
Interest-bearing deferred consideration		-	-	93,315
Finance costs		6,834	3,753	9,818
Finance costs – expenses	8	6,834	3,536	9,398
Finance costs – general borrowings capitalised		-	217	420
Foreign currency translation difference		3,630	(319)	(517)
Closing balance		436,253	330,522	456,462

Summary of interest-bearing borrowing terms and covenants

The Group is subject to both fixed and variable interest rates on its interest-bearing borrowings:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Fixed/hedged debt	404,663	297,213	418,842
Variable debt	31,590	33,309	37,620
	436,253	330,522	456,462

The borrowing terms and covenants are consistent with those disclosed in the 2019 integrated annual report except for the loans which were drawn down during the period, the terms of which are:

<i>Borrowing terms</i>	Term of debt	Currency	Amount drawn	Annual capital repayment	Margin	Base rate
CEE investment property						
Hedged debt	5 years	Euro	36,500	2,470	2.50%	EURIBOR 3M
Unsecured BVI Group facility	3 years	Euro	10,900	-	4.25%	EURIBOR 3M
<i>Covenants</i>			Debt service cover ratio	Interest cover ratio	Consolidated net assets of the Group	Loan to value
CEE investment property						
Hedged debt			125%	-	-	60%
Unsecured BVI Group Facility			-	250%	600,000	50%

20. Financial assets

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Non-current assets			
PKM Developments preference shares	175,962	162,251	174,128
Interest rate swap	702	307	775
	176,664	162,558	174,903
Current assets			
Capital contribution receivable	-	24,578	11,594
	-	24,578	11,594
	176,664	187,136	186,497

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

PKM Developments preference shares

The preference shares are held at amortised cost. The Group has performed an impairment assessment and considers that there has not been a significant increase in credit risk in relation to PKM Developments, and that the expected credit loss is €nil (December 2018: €nil; June 2019: €nil). To determine whether there has been a significant increase in credit risk, management have considered quantitative factors such as forecasted profits and actual profits, and qualitative factors such as progress of the development pipeline.

Financial assets at amortised cost

Reconciliation of the Group's financial assets held at amortised cost:

	Note	PKM Developments preference shares	Capital Contribution	Total
Balance at 30 June 2018 (audited)		105,046	24,507	129,553
Drawdown on preference shares		57,000	-	57,000
Finance income	8	4,835	-	4,835
Distribution received		(4,630)	-	(4,630)
Finance income – amortisation of capital contribution	8	-	302	302
Foreign currency translation reserve		-	(231)	(231)
Balance at 31 December 2018 (reviewed)		162,251	24,578	186,829
Drawdown of preference shares		13,000	-	13,000
Finance income	8	6,359	-	6,359
Distribution received		(7,482)	-	(7,482)
Cash		(4,551)	-	(4,551)
Non-cash		(2,931)	-	(2,931)
Finance income – amortisation of capital contribution	8	-	301	301
Amounts invoiced and received ¹		-	(13,229)	(13,229)
Foreign currency translation reserve		-	(56)	(56)
Balance at 30 June 2019 (audited)		174,128	11,594	185,722
Finance income	8	6,583	-	6,583
Distribution received		(4,749)	-	(4,749)
Amounts invoiced and collected ¹		-	(12,218)	(12,218)
Foreign currency translation reserve		-	624	624
Balance at 31 December 2019 (reviewed)		175,962	-	175,962

¹Amounts invoiced and collected of €12,218 thousand (December 2018: €nil; June 2019: €13,229 thousand) in relation to the capital contribution have been offset against amounts invoiced and paid of €12,218 thousand (December 2018: €nil; June 2019: €13,229 thousand) in relation to the capital contribution payable, refer to note 21.

Financial assets at FVTPL

Reconciliation of the Group's financial assets held at fair value:

	Note	Interest rate swap	Total
Balance at 30 June 2018 (audited)		349	349
Fair value adjustment	7	(39)	(39)
Foreign currency translation reserve		(3)	(3)
Balance at 31 December 2018 (reviewed)		307	307
Fair value adjustment	7	472	472
Foreign currency exchange difference in OCI		(4)	(4)
Balance at 30 June 2019 (audited)		775	775
Fair value adjustment	7	(113)	(113)
Foreign currency exchange difference in OCI		40	40
Balance at 31 December 2019 (reviewed)		702	702

Interest rate swaps are level 2 in the fair value hierarchy.

The following table shows the valuation technique used to measure financial instruments held at fair value as well as the observable inputs used for level 2 financial instruments.

As at 31 Dec 2019, 31 Dec 2018 and 30 Jun 2019

Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Interest rate swaps	The fair value is based on discounting future cash flows using the interest rate swap curves plus the historic charged credit margin at the dates when the cash flows will take place.	3-month GBP Libor - Swap rate - Notional loan value - Fixed rate of interest	The estimated fair value would increase/(decrease) if: 3-month GBP Libor was higher/ (lower) - Swap rate was lower/ (higher) - Notional loan value was lower/ (higher) - Fixed rate of interest was lower/ (higher)

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

21. Financial liabilities

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Non-current liabilities			
Interest rate swaps	2,157	1,337	2,735
Deferred consideration	-	469	-
	2,157	1,806	2,735
Current liabilities			
Capital contribution payable	-	24,578	11,594
Priority participating profit dividend	277	2,895	3,430
Development management fee	416	1,931	2,285
	693	29,404	17,309
	2,850	31,210	20,044

Financial liabilities at amortised cost

Reconciliation of the Group's financial liabilities held at amortised cost:

	Note	Deferred consideration	Capital contribution
Balance at 30 Jun 2018 (audited)		473	24,507
Finance cost – amortisation of capital contribution	8	-	302
Foreign currency translation reserve		(4)	(231)
Balance at 31 Dec 2018 (reviewed)		469	24,578
Purchase price paid		(473)	-
Finance cost – amortisation of capital contribution	8	-	301
Amounts invoiced and paid ¹		-	(13,229)
Foreign currency exchange difference in OCI		4	(56)
Balance at 30 Jun 2019 (audited)		-	11,594
Amounts invoiced and paid ¹		-	(12,218)
Foreign currency exchange difference in OCI		-	624
Balance at 31 Dec 2019 (reviewed)		-	-

¹Amounts invoiced and paid of €12,218 thousand (December 2018: €nil; June 2019: €13,229 thousand) in relation to the capital contribution have been offset against amounts invoiced and received of €12,218 thousand (December 2018: €nil; June 2019: €13,229 thousand) in relation to the capital contribution receivable, refer to note 20.

Capital contribution

A financial liability and corresponding financial asset were recognised in prior periods in respect of the capital contribution due from Legal and General, and due to the UK Government, under the terms of the Pre-Let Agreement. Both the financial asset and financial liability were held at amortised cost, refer to note 20. The asset and liability were settled on a net basis during the period ended 31 December 2019.

Financial liabilities at FVTPL

Reconciliation of the Group's financial liabilities held at FVTPL:

	Note	Interest rate swaps	Development management fee	Priority participating profit dividend
Balance at 30 Jun 2018 (audited)		1,223	4,702	6,913
Fair value adjustment	7	90	299	585
Foreign currency translation difference in OCI		24	(46)	(69)
Transfer to other payables		-	(3,024)	(4,534)
Balance at 31 Dec 2018 (reviewed)		1,337	1,931	2,895
Fair value adjustment	7	1,384	362	543
Foreign currency translation difference in OCI		14	(8)	(8)
Balance at 30 Jun 2019 (audited)		2,735	2,285	3,430
Settlement		-	(2,094)	(3,140)
Fair value adjustment	7	(602)	(38)	(56)
Foreign currency translation difference in OCI		24	124	182
Balance at 31 Dec 2019 (reviewed)		2,157	277	416

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Fair value hierarchy

The following table shows the financial liabilities held at fair value in the fair value hierarchy:

As at 31 Dec 2019 (reviewed)	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Non-current liabilities				
Interest rate swaps	2,157	-	2,157	-
	2,157	-	2,157	-
Current liabilities				
Development management fee	277	-	-	277
Priority participating profit dividend	416	-	-	416
	693	-	-	693

As at 31 Dec 2018 (reviewed)	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Non-current liabilities				
Interest rate swaps	1,337	-	1,337	-
	1,337	-	1,337	-
Current liabilities				
Development management fee	1,931	-	-	1,931
Priority participating profit dividend	2,895	-	-	2,895
	4,826	-	-	4,827

As at 30 Jun 2019 (audited)	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Non-current liabilities				
Interest rate swaps	2,735	-	2,735	-
	2,735	-	2,735	-
Current liabilities				
Development management fee	2,286	-	-	2,286
Priority participating profit dividend	3,430	-	-	3,430
	5,716	-	-	5,716

Interest rate swaps

The Group has hedged some of the interest rate exposure on the interest-bearing borrowings using interest rate swaps. These interest rate swaps are classified as fair value through profit or loss. Accordingly, they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss. Hedge accounting under IFRS 9 has not been applied.

Development management fee and priority participating profit dividend

The Group has a development management agreement with New Waverley Advisers Limited and New Waverley Holdings Limited ("the developer") under which a fee and a priority participating profit dividend is payable to the developer in relation to the development of the New Waverley site in Edinburgh, Scotland. Under the terms of the agreement, MAS is entitled to a 7.5% annualised preferred return on invested capital. The developer then earns one third of this annualised return and thereafter is entitled to a fee or profit dividend that together approximate 25% of any further development profit. With the services required under the Development Management Agreement now complete, the Group paid in the period €2,094 thousand and €3,140 thousand of the Development Management Fee and Priority Participating Dividend respectively for the completed New Waverley Sites.

These financial liabilities were designated and classified on initial recognition as FVTPL. Accordingly, they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss. There has been no change to the fair value of the financial liabilities as a result of the Group's own credit risk.

Level 2 financial instruments

Valuation techniques and observable inputs

The following table shows the valuation technique used to measure financial instruments held at fair value as well as the observable inputs used for level 2 financial instruments.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

As at 31 Dec 2019, 31 Dec 2018 and 30 Jun 2019

Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Interest rate swaps	The fair value is based on discounting future cash flows using the interest rate swap curves plus the historic charged credit margin at the dates when the cash flows will take place.	3-month EUR/CHF Libor - Swap rate - Notional loan value - Fixed rate of interest	The estimated fair value would increase/(decrease) if: 3-month EUR LIBOR/CHF LIBOR was higher/ (lower) - Swap rate was lower/ (higher) - Notional loan value was lower/ (higher) - Fixed rate of interest was lower/ (higher)

Level 3 financial instruments

Valuation process of level 3 financial liabilities

The fair value of the level 3 financial liability in respect of New Waverley Advisers Limited and New Waverley Holdings Limited is the net development value calculated semi-annually. The fair value is derived from the fair value of the properties in the New Waverley development up to completion less costs incurred. Consequently, the investment property valuation process, is part of this valuation process, refer to note 12.

Valuation techniques and unobservable inputs

The following table shows the valuation technique used to measure financial instruments held at fair value as well as the significant unobservable inputs used for level 3 financial instruments:

Fair value

The total fair value gains/(losses) related to financial liabilities represents a gain of €696 thousand (December 2018: loss of €974 thousand; June 2019: loss of €3,263 thousand), refer to note 7.

As at 31 December 2019, 31 December 2018 and 30 June 2019

Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Development management fee and priority profit dividend	<i>Gross development value:</i> Fair value is based on the value of the properties in the New Waverley development.	Value of investment property	The estimated fair value would increase/(decrease) if: Value of investment property was higher/(lower)

Fair value sensitivity analysis

As at 31 Dec 2019 (reviewed)			Gross development value		
Financial liability	Technique	Valuation	Sensitivity		
			Input	Change	Valuation
Priority participating profit dividend	Development profit	416	2,772	+5%	437
				-5%	395
Development management fee	Development profit	277	2,772	+5%	291
				-5%	263

As at 31 Dec 2018 (reviewed)			Gross development value		
Financial liability	Technique	Valuation	Sensitivity		
			Input	Change	Valuation
Development management fee	Development profit	1,931	19,304	+5%	2,028
				-5%	1,834
Priority participating profit dividend	Development profit	2,895	19,304	+5%	3,040
				-5%	2,750

As at 30 Jun 2019 (audited)			Gross development value		
Financial liability	Technique	Valuation	Sensitivity		
			Input	Change	Valuation
Development management fee	Development profit	2,285	22,863	+5%	2,399
				-5%	2,171
Priority participating profit dividend	Development profit	3,430	22,863	+5%	3,602
				-5%	3,259

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

22. Material transactions

In November 2016 the Group entered into a joint venture with PK through PKM CEE Investments Limited, in which PK's effective economic interest was equivalent to 20% direct participation in the joint venture less the interest cost on the participation funding that is provided by the Group. Under the terms of the joint venture PK provided property investment and management services to the venture on a cost recovery basis. The property investment and management services were provided by three entities, PK Property Management (Bulgaria) EOOD (the "Bulgarian Property Management Platform"); PK Property Management (Poland) sp zoo (the "Polish Property Management Platform"); and Prime Kapital Development S.R.L. (the "Romanian Property Management Platform"), (together the "Property Management Platform").

On 27 November 2019, with shareholder approval, the Group acquired the Property Management Platform and PK's effective economic interest in the joint venture through the acquisition of the entire share capital of PK Mezz BV and Prime Kapital CEE Property Investment Management Limited (the "Transaction").

The acquisition is part of the Group's strategy of continued investment into Central and Eastern Europe ("CEE") to enhance the Group's distributions over the immediate, medium and long-term.

Consideration transferred

The purchase price of €77,314 thousand relates to the issue of 67,000,000 MAS shares (the "Consideration Shares") at €1.15395 per share. The Consideration Shares are locked for 3 years commencing on date of the Transaction (the Lock-In Period). PK will not during the Lock-in Period, transfer any interest in the Consideration Shares to another person (other than the Incentive Shares to be issued to key individuals that are part of the Property Management Platform ("Management Participants")) to another person. The Group considered the requirements of IFRS 2 'Share-based Payments', and of IFRS 3 'Business Combinations' to determine whether any of the Consideration Shares relate to components other than the settlement of the purchase consideration. This resulted in an equity-settled share-based payment being recognised in respect of the Executive Management, an equity-settled share-based payment being recognised in relation to the Management Participants and an equity-settled share-based payment being recognised in relation to PK Prepaid Development Services.

The purchase price has been allocated to the following components at fair value:

	Note	Number of shares	Amount
Acquisition of the Property Management Platform	23	331,221	382
Equity-settled share-based payment – Management Participants	24	3,350,000	3,866
Equity-settled share-based payment – PK Prepaid Development services	24	8,813,237	10,170
Equity-settled share-based payment – Executive Management	24	1,858,331	2,144
Acquisition of non-controlling interest in joint venture	18	52,647,211	60,752
Total		67,000,000	77,314

Acquisition of the Property Management Platform

At acquisition the Group obtained control of the Bulgarian, the Polish and the Romanian Property Management Platforms (the "Property Management Platform"). The Group has treated the acquisitions as business combinations because substantially all business operations were acquired, refer to note 23.

The fair value of the Property Management Platform has been determined in accordance with the market approach of IFRS 13 'Fair Value Measurement', which uses prices and other relevant information from transactions of comparable assets.

Equity-settled share-based payments

The Transaction resulted in equity-settled share-based payments being recognised as follows:

Equity-settled share-based payment – Management Participants

In accordance with the terms of the Transaction, PK will allocate 5% of the Consideration Shares to be issued to key individuals that are part of the Property Management Platform ("Management Participants"). These shares are held in a Trust controlled by PK. The incentive shares have been treated as a share-based payment in accordance with the requirements of IFRS 2 'Share-based Payments'. The incentive shares represent issued shares as part of the Transaction for Management Participants.

The terms of share-based payment had not been communicated to the Management Participants at 31 December 2019. Consequently, the incentive shares are recognised as a prepaid employee's service expense of €3,866 thousand, refer to note 24.

The fair value of the equity-settled share-based payment expense has been calculated based on 3,350,000 Consideration Shares at market price as at 27 November 2019. The Incentive shares cannot be delisted, have attached rights to vote and exercise pre-emptive rights as shareholders and to receive distributions.

Equity-settled share-based payment – PK Prepaid Development Services

In accordance with the terms of the Transaction PK committed to provide property development services in relation to the extension of commercial real estate assets held within the joint venture on a cost recovery basis. The fair value of these services has been determined in accordance with the market approach of IFRS 13 'Fair Value Measurement', and a corresponding share-based payment has been recognised, refer to note 24.

As at 31 December 2019, PK have not provided development services to the Group and therefore a prepayment for the future development services of €10,170 thousand has been recognised. It remains the intention of the Group to utilise the development management services in the future.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Equity-settled share-based payment – Executive Management

In accordance with the terms of the Transaction, Martin Slabbert and Victor Semionov will not be paid any remuneration during the three-year lock-in period from the date of the Transaction. In accordance with IFRS 2 'Share Based payments' and IFRS 3 'Business Combinations' it has been determined that 1,858,331 Consideration Shares are recognised as an equity-settled share-based payment expense, which represents the value of the Share-based payment in relation to IFRS 2 for the respective executives. The treatment does not affect the commercial structure of the Transaction, and Martin Slabbert and Victor Semionov will not receive cash or other actual remuneration for the duration of the lock-in period.

The fair value of the equity-settled share-based payment expense has been calculated based on 1,858,331 Consideration Shares at market price as at 27 November 2019.

As at 31 December 2019, €2,078 thousand has been recognised as a prepaid Share-based payment in relation to IFRS 2 for the respective executives. During the period an amount of €66 thousand has been recognised in the Consolidated Statement of Profit or Loss as an employment share-based payment expense and disclosed as a related party transaction (refer to note 27) in relation to employment services provided by Martin Slabbert and Victor Semionov.

The following table summarises the prepaid equity settled share-based payment expenses:

	Reviewed as at 31 Dec 2019	Reviewed as at 31 Dec 2018	Audited as at 30 Jun 2019
Non-current other receivables			
Equity settled share-based payment expense – Management Participants	2,540	-	-
Equity settled share-based payment expense – PK Prepaid Development Services	8,136	-	-
Equity settled share-based payment expense – Executive Directors	1,363	-	-
Non-current receivables acquired in business combination	265	-	-
	12,304	-	-
Included in current trade and other receivables			
Equity settled share-based payment expense – Management Participants	1,325	-	-
Equity settled share-based payment expense – PK Prepaid Development Services	2,034	-	-
Equity settled share-based payment expense – Executive Directors	715	-	-
	4,074	-	-

Acquisition of non-controlling interest in joint venture

Represents the acquisition of PK's 20% effective economic interest in the joint venture, refer to note 18.

23. Business combinations

On 27 November 2019, the Group acquired the Property Management Platform, refer to note 22. The acquisition has been treated as a business combination as the Group acquired substantially all business operations.

Acquisition related costs

The Group incurred acquisition-related costs of €49 thousand on legal and due diligence fees. €4 thousand of these costs have been included in profit or loss within investment expenses, refer to note 6 and €45 thousand of these costs have been included within share capital.

Identified assets acquired and liabilities assumed

The following table summarises the fair value of assets and liabilities that were acquired at the date of acquisition:

	Amount
Consideration shares issued	382
Non-current assets	19
Trade and other receivables	338
Trade and other payables	(128)
Net assets excluding cash	229
Cash and cash equivalents	86
Net assets	315
Goodwill	68
	382

The gross contracted value of trade and other receivables was €338 thousand, which management expects to receive in full.

Goodwill of €68 thousand arose on the acquisition of the Property Management Platform as the consideration paid was greater than the fair value of assets acquired and liabilities assumed, refer to note 10.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

24. Share-based payment arrangements

As at 31 December 2019, the Group had the following share-based payment arrangements:

- Management Participants;
- PK Prepaid Development Services;
- Executive Management; and
- Salaried geared share purchase plan.

The Management Participants, PK Prepaid Development Services and the Executive Management share-based payment arrangements (the "Transaction Share-Based Payments") have been recognised as a result of the Transaction (refer to note 22).

Transaction Share-Based Payments

Management Participants

Please refer to description in note 22 of the equity-settled share-based payment in relation to Management participants.

The terms of the share-based payment had not been communicated to the Management Participants by 31 December 2019 and have not been granted, however the best estimate at the time of preparation of these financial statements is that the vesting date will be similar to the lock-in period. Consequently, the incentive shares were recognised as a prepaid employees' service expense of €3,866 thousand and the share-based payment will be expensed over the vesting period.

Executive Management

Please refer to description in note 22 of the equity-settled share-based payment in relation to Executive Management.

The key terms of the Executive Management share-based payment are:

Share-based payment	Grant date	Number of shares	Issue price	Vesting period	Vesting conditions
Executive Management	27 Nov 2019	1,858,331	€1.15395	3 years	Service until vesting dates

The grant date fair value has been determined using the share price of the Company at 27 November 2019.

During the period €66 thousand has been recognised in profit or loss as an employment share-based payment expense and disclosed as a related party transaction (refer to note 27) in relation to employment services provided by Martin Slabbert and Victor Semionov.

The Group incurred transaction-related costs of €24 thousand on legal and due diligence fees. These costs have been included in profit or loss within investment expenses, refer to note 6.

PK Prepaid Development Services

Please refer to description in note 22 of the equity-settled share-based payment in relation to Executive Management.

As the development services provided by PK to the joint venture is a pre-existing relationship that existed before the transaction was completed, PK is acting as counterparty, not as shareholder of the Group and therefore the provision of the development services on a cost recovery basis at below market value is determined to be an equity-settled share-based payment arrangement with a non-employee. The key terms of the PK Prepaid Development Services share-based payment are:

Share-based payment	Grant date	Number of shares	Issue price	Vesting period
PK Prepaid Development Services	Transaction date	8,813,237	€1.15395	Services to be performed for a period of up to 5 years

As at 31 December 2019, PK have not provided development services to the Group and therefore a prepayment for the future development services of €10,170 thousand has been recognised. It remains the intention of the Group to utilise the development management services in the future.

The Group incurred transaction-related costs of €157 thousand on legal and due diligence fees. These costs have been included in profit or loss within investment expenses, refer to note 6.

Salaried geared purchase plan

Werner Behrens and Paul Osbourn resigned as CEO and CFO respectively on 20 November 2019, and their 1,531,127 allocated geared share purchase plan shares were forfeited and cancelled upon their exit from the scheme, refer to note 16.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Reconciliation of outstanding loans and shares

As at 31 Dec 2019

	Geared salaried purchase plan		
	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	5,381,127	€1.2964	€1.5497
Granted	-	-	-
Forfeited	(1,531,127)	-	-
Interest	-	-	€0.0405
Interest repayment	-	-	(€0.0426)
Capital repayment	-	-	€0.0989
Share price movement	-	(€0.0855)	-
Closing outstanding balance	3,850,000	€1.2109	€1.6465
Exercisable	1,540,000	€1.2109	€1.6465

As at 31 Dec 2018

	Geared non-salaried purchase plan			Geared salaried purchase plan		
	Number of shares	Weighted average share price	Weighted average loan per share	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	4,000,000	€1.3083	€1.5985	3,850,000	€1.3083	€1.6490
Interest	-	-	€0.0203	-	-	€0.0211
Interest repayment	-	-	(€0.0225)	-	-	(€0.0234)
Capital repayment	-	-	(€0.0178)	-	-	-
Share price movement	-	(€0.0203)	-	-	(€0.0203)	-
Closing outstanding balance	4,000,000	€1.2880	€1.5785	3,850,000	€1.2880	€1.6467
Exercisable	667,000	€1.2880	€1.5785	770,000	€1.2880	€1.6467

As at 30 Jun 2019

	Geared non-salaried purchase plan			Geared salaried purchase plan		
	Number of shares	Weighted average share price	Weighted average loan per share	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	4,000,000	€1.3083	€1.5985	3,850,000	€1.3083	€1.6490
Granted	-	-	-	1,531,127	-	(€0.0993)
Forfeited	(4,000,000)	-	-	-	-	-
Interest	-	-	€0.0412	-	-	€0.0440
Interest repayment	-	-	(€0.0505)	-	-	(€0.0440)
Capital repayment	-	-	(€1.5892)	-	-	-
Share price movement	-	(€0.0119)	-	-	(€0.0119)	-
Closing outstanding balance	-	€1.2964	-	5,381,127	€1.2964	€1.5497
Exercisable	-	-	-	1,540,000	€1.2964	€1.5497

The remaining term of the loans in relation to the geared purchase plan were as follows:

	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019
Shares granted on 9 March 2017	7.18 years	8.19 years	7.69 years
Shares granted on 25 June 2019	-	-	9.99 years

As the options relate to multiple service periods, the awards have a graded vesting pattern whereby each tranche relating to a particular service period is recognised as an expense in profit or loss over that service period.

During the period €94 thousand (December 2018: €305 thousand; June 2019: €75 thousand) was recognised in the share-based payment reserve in relation to the options, refer to note 17.

Measurement of fair value

Measurement of fair value of the Transaction share-based payments

The fair value of the share-based payments has been determined using the quoted share price on the grant date being €1.15395, multiplied by the number of shares allocated to the share-based payment for Share-based payment in relation to IFRS 2.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

25. Operating segments

Segment results that are reported to the executive management team include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Due to changes in the executive management team, the reportable segments have changed during the period so that management can analyse the portfolio on a regional level to be consistent with the Group's strategy to increase its geographical focus in the CEE markets. MAS will prepare proportionate accounts for the use of investors, analysts, rating agencies and any other interested parties for the purpose of providing a more transparent view of how management determines the Group's operational performance and financial position. The measure of segment performance represents tangible net asset value per segment and adjusted distributable earnings per segment, with each segment detailed in the table below.

MAS' business is more complex as compared to other industry peers due to the development joint venture arrangement with Prime Kapital. Presentation of financial information by using the proportionate consolidation method enhances clarity to interested parties in the Group's operations. The Group's proportionate accounts financial information is not aimed to be a replacement of the Group's IFRS financial statements but a complement to these.

Reportable segment	Description
CEE direct portfolio (CEE)	Income properties located in CEE fully owned and managed by the Group. Until 27 November 2019, these properties were housed in the IJV and consequently the Company recognised 80% of the financial result in respect thereof. Following the Transaction, the Group accounts for 100% of these properties.
CEE development joint venture (DJV)	Income and development properties located in CEE, indirectly owned through the DJV with PK. Information presented represents the Group's 40% share in the joint venture. In addition, the segment includes other balances and transactions in relation to the DJV, including 60% of the preference share exposure (40% of the redemption value and income related to preference shares is eliminated on proportionate consolidation) as disclosed in note 20.
WE direct portfolio (WE)	Income properties located in WE (Germany, UK, Switzerland) fully owned by the Group.
Corporate (Co)	Other assets, liabilities and activities related to the Group's management, including investments in listed securities, Group level financing, as well as corporate level administration.

Management analyses the performance and position of the Group by aggregating the Group into the four reportable segments. These reportable segments have different risk profiles and generate revenue/income from different sources. Accordingly, it allows the executive management team to make better informed strategic decisions for the Group.

Segmental analysis basis for preparation – proportionate accounts

The Group's management accounts financial information is not intended to be a replacement of the Group's IFRS financial statements but a complement to these.

In considering the accounting policies for the management accounts, management analysed in-depth best practice recommendations by industry institutions (EPRA, SAREIT) and the main changes in presentation are as follows:

Presentation	IFRS	Segmental analysis – proportionate accounts
Joint ventures and non-controlling interests	Equity accounting	Proportionate accounting
Income statement	Aggregation based on function	Aggregation based on nature
Properties held for sale	Current assets	Investment property based on type
Statement of financial position – line descriptions	Aggregation with limited details (explanatory notes needed for clarity)	Comprehensive detail with limited aggregation
Statement of financial position – classification by current/non-current	Yes	No
Statement of financial position – equity	Classification by type	Total equity amount

Proportionate accounts have been prepared to reflect the Group's proportion of its 40% interest in the DJV and 80% interest in the IJV until the Transaction date, and 100% thereafter.

Presentation of income statement for the purpose of proportionate accounts reflects the main areas of the business whose operational performance is monitored by management, in respect of distributable earnings to shareholders as well as non-distributable earnings. Management monitors earnings generated by each area of the business and its impact on the total adjusted earnings for each segment.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Presentation of the statement of financial position has been disaggregated in a similar manner, so as to clarify to management the assets and liabilities generating the corresponding earnings for each main area of the business comprehensively. As such, for a more comprehensive review process by management the following line items have been presented differently as compared to IFRS so as to more clearly show elements included in each category as followed by management:

- Investment property and investment property held for sale have been disaggregated to show income property, developments – income property and developments – residential property.
- Financial assets and investments have been disaggregated to show Preference shares, Listed securities gross exposure, Interest rate derivative financial assets and Other assets.
- Trade and other receivables have been split to VAT receivable, Share-based payment prepayments and Trade and other receivables under the proportionate accounts.
- Debt financing has been grossed-up to include the funding leg related to listed securities investments.
- Financial liabilities have been split to Interest rate derivative financial liabilities and Other liabilities.

Segment adjusted proportionate accounts

In addition to segmental proportionate accounts, management presents a set of segment-adjusted proportionate accounts. The latter include adjustments typical for real estate companies described in more detail below.

1. *Net dividends - listed securities*
Dividends from listed securities are recognised in adjusted distributable earnings on a basis which is commensurate and is matching the holding period of the securities with the reporting period of the Company. Consequently, any excess or shortfall in dividends received is reclassified “to” and, respectively, “from” non-distributable earnings (fair value movements in listed securities).
2. *Goodwill*
No goodwill is included in adjusted proportionate accounts. Consequently, goodwill and related impairments are eliminated.
3. *Share-based payments*
The allocation of part of the purchase price to share-based payments is an accounting treatment required under IFRS. Share-based payments related to the Transaction are reversed in adjusted proportionate accounts so that the entire Transaction purchase price is treated as being paid for PK’s effective economic interest in the IJV and all amounts exceeding the net tangible asset value thereof eliminated.
4. *Deferred tax*
Deferred tax, which is unlikely to crystallise on disposal as an actual tax, a purchase price adjustment or any other cost.
5. *Estimation for WE disposal realisation costs and losses*
Estimated costs likely to crystallise on disposal of the assets in WE, including punitive fixed-interest arrangements, early bank debt repayment penalties, agency fees and other related costs or losses.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

Six-month period ended 31 Dec 2019	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
EARNINGS	52,567	35,491	14,007	8,672	(5,603)	(6,025)	4,155	3,178	(36,073)	22,715	46,542	39,646	17,185	(27,401)	17,112
DISTRIBUTABLE EARNINGS	27,726	12,680	4,920	8,691	1,435	(176)	-	-	-	(176)	27,550	12,680	4,920	8,691	1,259
Net rental income – income property	28,643	14,899	885	12,859	-	-	-	-	-	-	28,643	14,899	885	12,859	-
Net income – preference shares	3,950	-	3,950	-	-	-	-	-	-	-	3,950	-	3,950	-	-
Net dividends – listed securities ¹	3,890	-	-	-	3,890	(176)	-	-	-	(176)	3,714	-	-	-	3,714
Net corporate expenses	(3,377)	(344)	(120)	(333)	(2,580)	-	-	-	-	-	(3,377)	(344)	(120)	(333)	(2,580)
Interest on debt financing	(5,819)	(1,630)	(477)	(3,256)	(456)	-	-	-	-	-	(5,819)	(1,630)	(477)	(3,256)	(456)
Interest capitalised on developments	738	-	738	-	-	-	-	-	-	-	738	-	738	-	-
Other distributable net income/(cost)	545	(15)	(27)	4	583	-	-	-	-	-	545	(15)	(27)	4	583
Income tax	(844)	(230)	(29)	(583)	(2)	-	-	-	-	-	(844)	(230)	(29)	(583)	(2)
NON-DISTRIBUTABLE EARNINGS	24,841	22,811	9,087	(19)	(7,038)	(5,849)	4,155	3,178	(36,073)	22,891	18,992	26,966	12,265	(36,092)	15,853
Fair value adjustments – income property	42,023	27,338	12,423	2,262	-	-	-	-	-	-	42,023	27,338	12,423	2,262	-
Fair value adjustments – interest rate derivatives	439	507	-	(68)	-	-	-	-	-	-	439	507	-	(68)	-
Fair value adjustments – listed securities ¹	12,051	-	-	-	12,051	176	-	-	-	176	12,227	-	-	-	12,227
Fair value adjustments – other financial liabilities	(171)	-	(265)	94	-	-	-	-	-	-	(171)	-	(265)	94	-
Foreign currency exchange differences	4,554	(188)	-	-	4,742	-	-	-	-	-	4,554	(188)	-	-	4,742
Goodwill impairment ²	(22,627)	-	-	-	(22,627)	22,627	-	-	-	22,627	-	-	-	-	-
Investment expenses	(1,990)	(691)	(34)	(149)	(1,116)	-	-	-	-	-	(1,990)	(691)	(34)	(149)	(1,116)
Share-based payment expense ³	(155)	(67)	-	-	(88)	155	67	-	-	88	-	-	-	-	-
Other non-distributable income	141	-	141	-	-	-	-	-	-	-	141	-	141	-	-
Deferred tax ⁴	(9,424)	(4,088)	(3,178)	(2,158)	-	7,266	4,088	3,178	-	-	(2,158)	-	-	(2,158)	-
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	(36,073)	-	-	(36,073)	-	(36,073)	-	-	(36,073)	-

Weighted average number of shares

649,874,233

Adjusted distributable earnings per share (euro cents)

4.24

Dividend per share (euro cents)

4.24

All amounts in € thousand unless otherwise stated.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

As at 31 Dec 2019	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	906,328	344,309	171,275	298,051	92,693	(31,518)	397	4,158	(36,073)	-	874,810	344,706	175,433	261,978	92,693
ASSETS	1,462,182	524,309	206,174	565,630	166,069	(24,664)	(24,664)	-	-	-	1,437,518	499,645	206,174	565,630	166,069
Income property	1,043,146	467,375	48,452	527,319	-	-	-	-	-	-	1,043,146	467,375	48,452	527,319	-
Developments – income property	47,673	331	30,608	16,734	-	-	-	-	-	-	47,673	331	30,608	16,734	-
Developments – residential property	12,555	-	12,555	-	-	-	-	-	-	-	12,555	-	12,555	-	-
Preference shares	105,577	-	105,577	-	-	-	-	-	-	-	105,577	-	105,577	-	-
Listed securities	131,350	-	-	-	131,350	-	-	-	-	-	131,350	-	-	-	131,350
Goodwill ²	8,286	8,286	-	-	-	(8,286)	(8,286)	-	-	-	-	-	-	-	-
Deferred tax asset	4,316	3,208	549	559	-	-	-	-	-	-	4,316	3,208	549	559	-
Interest rate derivative financial assets	702	-	-	702	-	-	-	-	-	-	702	-	-	702	-
Other assets	1,484	57	508	-	919	-	-	-	-	-	1,484	57	508	-	919
VAT receivable	4,820	92	3,923	637	168	-	-	-	-	-	4,820	92	3,923	637	168
Share-based payment prepayments ³	16,378	16,378	-	-	-	(16,378)	(16,378)	-	-	-	-	-	-	-	-
Trade and other receivables	17,294	9,667	492	6,746	389	-	-	-	-	-	17,294	9,667	492	6,746	389
Cash and cash equivalents	68,601	18,915	3,510	12,933	33,243	-	-	-	-	-	68,601	18,915	3,510	12,933	33,243
LIABILITIES	555,854	180,000	34,899	267,579	73,376	6,854	(25,061)	(4,158)	36,073	-	562,708	154,939	30,741	303,652	73,376
Debt financing	485,266	142,207	22,032	248,644	72,383	-	-	-	-	-	485,266	142,207	22,032	248,644	72,383
Interest rate derivative financial liabilities	2,157	1,205	-	952	-	-	-	-	-	-	2,157	1,205	-	952	-
Other liabilities	693	-	-	693	-	-	-	-	-	-	693	-	-	693	-
Deferred tax liability ⁴	36,426	25,061	4,158	7,207	-	(29,219)	(25,061)	(4,158)	-	-	7,207	-	-	7,207	-
Trade and other payables	31,312	11,527	8,709	10,083	993	-	-	-	-	-	31,312	11,527	8,709	10,083	993
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	36,073	-	-	36,073	-	36,073	-	-	36,073	-
Closing number of shares in issue	704,493,798										704,493,798				
NAV per share (euro cents)	129	50	24	42	13										
Tangible NAV per share (euro cents)											124	49	25	37	13

All amounts in € thousand unless otherwise stated.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

Six-month period ended 31 Dec 2018	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
EARNINGS	11,088	12,867	11,233	22,012	(35,024)	4,903	2,348	2,262	-	293	15,991	15,215	13,495	22,012	(34,731)
DISTRIBUTABLE EARNINGS	21,055	7,758	4,097	9,226	(26)	1,900	-	-	-	1,900	22,955	7,758	4,097	9,226	1,874
Net rental income – income property	22,750	9,141	1,187	12,422	-	-	-	-	-	-	22,750	9,141	1,187	12,422	-
Net income – preference shares	2,901	-	2,901	-	-	-	-	-	-	-	2,901	-	2,901	-	-
Net dividends – listed securities ¹	1,519	-	-	-	1,519	1,900	-	-	-	1,900	3,419	-	-	-	3,419
Net corporate expenses	(2,783)	(415)	(78)	(189)	(2,101)	-	-	-	-	-	(2,783)	(415)	(78)	(189)	(2,101)
Interest on debt financing	(3,570)	(734)	-	(2,701)	(135)	-	-	-	-	-	(3,570)	(734)	-	(2,701)	(135)
Interest capitalised on developments	315	-	98	217	-	-	-	-	-	-	315	-	98	217	-
Other distributable net income/(cost)	705	(1)	10	3	693	-	-	-	-	-	705	(1)	10	3	693
Income tax	(782)	(233)	(21)	(526)	(2)	-	-	-	-	-	(782)	(233)	(21)	(526)	(2)
NON-DISTRIBUTABLE EARNINGS	(9,967)	5,109	7,136	12,786	(34,998)	3,003	2,348	2,262	-	(1,607)	(6,964)	7,457	9,398	12,786	(36,605)
Fair value adjustments – income property	31,654	8,485	9,531	13,638	-	-	-	-	-	-	31,654	8,485	9,531	13,638	-
Fair value adjustments – interest rate derivatives	(67)	(94)	-	27	-	-	-	-	-	-	(67)	(94)	-	27	-
Fair value adjustments – listed securities ¹	(33,880)	-	-	-	(33,880)	(1,900)	-	-	-	(1,900)	(35,780)	-	-	-	(35,780)
Fair value adjustments – other financial liabilities	(922)	-	-	(922)	-	-	-	-	-	-	(922)	-	-	(922)	-
Foreign currency exchange differences	26	22	(3)	680	(673)	-	-	-	-	-	26	22	(3)	680	(673)
Investment expenses	(1,238)	(956)	(130)	-	(152)	-	-	-	-	-	(1,238)	(956)	(130)	-	(152)
Share-based payment expense ³	(293)	-	-	-	(293)	293	-	-	-	293	-	-	-	-	-
Tax on sale of property	(814)	-	-	(814)	-	-	-	-	-	-	(814)	-	-	(814)	-
Deferred tax ⁴	(4,433)	(2,348)	(2,262)	177	-	4,610	2,348	2,262	-	-	177	-	-	177	-

Weighted average number of shares

637,493,798

Adjusted distributable earnings per share (euro cents)

3.60

Dividend per share (euro cents)

3.78

All amounts in € thousand unless otherwise stated.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

As at 31 Dec 2018	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	838,346	206,514	193,659	284,236	153,937	(13,862)	4,115	4,107	-	(22,084)	824,484	210,629	197,766	284,236	131,853
ASSETS	1,231,206	267,017	205,535	530,456	228,198	(22,084)	-	-	-	(22,084)	1,209,122	267,017	205,535	530,456	206,114
Income property	728,730	256,408	56,032	416,290	-	-	-	-	-	-	728,730	256,408	56,032	416,290	-
Developments – income property	57,813	-	22,226	35,587	-	-	-	-	-	-	57,813	-	22,226	35,587	-
Developments – residential property	9,384	-	9,384	-	-	-	-	-	-	-	9,384	-	9,384	-	-
Preference shares	97,350	-	97,350	-	-	-	-	-	-	-	97,350	-	97,350	-	-
Listed securities	149,172	-	-	-	149,172	-	-	-	-	-	149,172	-	-	-	149,172
Goodwill ²	22,084	-	-	-	22,084	(22,084)	-	-	-	(22,084)	-	-	-	-	-
Deferred tax asset	922	-	141	781	-	-	-	-	-	-	922	-	141	781	-
Other assets	72,332	52	58	25,036	47,186	-	-	-	-	-	72,332	52	58	25,036	47,186
VAT receivable	3,921	18	2,717	1,126	60	-	-	-	-	-	3,921	18	2,717	1,126	60
Trade and other receivables	21,553	4,032	914	16,255	352	-	-	-	-	-	21,553	4,032	914	16,255	352
Cash and cash equivalents	67,945	6,507	16,713	35,381	9,344	-	-	-	-	-	67,945	6,507	16,713	35,381	9,344
LIABILITIES	392,860	60,503	11,876	246,220	74,261	(8,222)	(4,115)	(4,107)	-	-	384,638	56,388	7,769	246,220	74,261
Debt financing	318,412	49,561	280	194,778	73,793	-	-	-	-	-	318,412	49,561	280	194,778	73,793
Interest rate derivative financial liabilities	1,251	342	-	909	-	-	-	-	-	-	1,251	342	-	909	-
Other liabilities	29,875	-	-	29,875	-	-	-	-	-	-	29,875	-	-	29,875	-
Deferred tax liability ⁴	11,594	4,115	4,107	3,372	-	(8,222)	(4,115)	(4,107)	-	-	3,372	-	-	3,372	-
Trade and other payables	31,728	6,485	7,489	17,286	468	-	-	-	-	-	31,728	6,485	7,489	17,286	468
Closing number of shares in issue	637,493,798										637,493,798				
NAV per share (euro cents)	132	32	30	45	24										
Tangible NAV per share (euro cents)											129	33	31	45	21

All amounts in € thousand unless otherwise stated.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

Year ended 30 Jun 2019	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
EARNINGS	55,035	34,132	21,207	26,784	(27,088)	8,085	6,194	1,850	-	41	63,120	40,326	23,057	26,784	(27,047)
DISTRIBUTABLE EARNINGS	49,065	18,543	9,552	18,170	2,800	1,457	-	-	-	1,457	50,522	18,543	9,552	18,170	4,257
Net rental income – income property	48,968	21,541	2,207	25,220	-	-	-	-	-	-	48,968	21,541	2,207	25,220	-
Net income – preference shares	6,717	-	6,717	-	-	-	-	-	-	-	6,717	-	6,717	-	-
Net dividends – listed securities ¹	5,904	-	-	-	5,904	1,457	-	-	-	1,457	7,361	-	-	-	7,361
Net corporate expenses	(5,594)	(714)	(185)	(562)	(4,133)	-	-	-	-	-	(5,594)	(714)	(185)	(562)	(4,133)
Interest on debt financing	(8,471)	(1,956)	(499)	(5,692)	(324)	-	-	-	-	-	(8,471)	(1,956)	(499)	(5,692)	(324)
Interest capitalised on developments	1,882	-	1,462	420	-	-	-	-	-	-	1,882	-	1,462	420	-
Other distributable net income/(cost)	1,212	83	(110)	(114)	1,353	-	-	-	-	-	1,212	83	(110)	(114)	1,353
Income tax	(1,553)	(411)	(40)	(1,102)	-	-	-	-	-	-	(1,553)	(411)	(40)	(1,102)	-
NON-DISTRIBUTABLE EARNINGS	5,970	15,589	11,655	8,614	(29,888)	6,628	6,194	1,850	-	(1,416)	6,237	15,589	11,655	10,297	(31,304)
Fair value adjustments – income property	53,048	23,877	13,558	15,613	-	-	-	-	-	-	53,048	23,877	13,558	15,613	-
Fair value adjustments – interest rate derivatives	(751)	(1,161)	-	410	-	-	-	-	-	-	(751)	(1,161)	-	410	-
Fair value adjustments – listed securities ¹	(29,847)	-	-	-	(29,847)	(1,457)	-	-	-	(1,457)	(31,304)	-	-	-	(31,304)
Fair value adjustments – other financial liabilities	(1,589)	-	200	(1,789)	-	-	-	-	-	-	(1,589)	-	200	(1,789)	-
Foreign currency exchange differences	(365)	-	-	(365)	-	-	-	-	-	-	(365)	-	-	(365)	-
Investment expenses	(3,230)	(933)	(253)	(2,044)	-	-	-	-	-	-	(3,230)	(933)	(253)	(2,044)	-
Share-based payment expense ³	(41)	-	-	-	(41)	41	-	-	-	41	-	-	-	-	-
Other non-distributable income	18	-	-	18	-	-	-	-	-	-	18	-	-	18	-
Tax on sale of property	(1,546)	-	-	(1,546)	-	-	-	-	-	-	(1,546)	-	-	(1,546)	-
Deferred tax ⁴	(9,727)	(6,194)	(1,850)	(1,683)	-	8,044	6,194	1,850	-	-	(1,683)	-	-	(1,683)	-

Weighted average number of shares

637,493,798

Adjusted distributable earnings per share (euro cents)

7.93

Dividend per share (euro cents)

8.75

All amounts in € thousand unless otherwise stated.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

As at 30 Jun 2019	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	858,119	263,028	122,410	291,094	181,587	(10,699)	9,462	1,371	-	(21,532)	847,420	272,490	123,781	291,094	160,055
ASSETS	1,360,468	378,074	163,899	577,350	241,145	(28,508)	(6,976)	-	-	(21,532)	1,331,960	371,098	163,899	577,350	219,613
Income property	850,324	349,944	13,880	486,500	-	-	-	-	-	-	850,324	349,944	13,880	486,500	-
Developments – income property	73,762	273	27,818	45,671	-	-	-	-	-	-	73,762	273	27,818	45,671	-
Developments – residential property	9,790	-	9,790	-	-	-	-	-	-	-	9,790	-	9,790	-	-
Preference shares	104,477	-	104,477	-	-	-	-	-	-	-	104,477	-	104,477	-	-
Listed securities	147,372	-	-	-	147,372	-	-	-	-	-	147,372	-	-	-	147,372
Goodwill ²	28,508	6,976	-	-	21,532	(28,508)	(6,976)	-	-	(21,532)	-	-	-	-	-
Deferred tax asset	4,773	2,411	1,096	1,266	-	-	-	-	-	-	4,773	2,411	1,096	1,266	-
Interest rate derivative financial assets	775	-	-	775	-	-	-	-	-	-	775	-	-	775	-
Other assets	50,183	50	204	12,456	37,473	-	-	-	-	-	50,183	50	204	12,456	37,473
VAT receivable	2,819	916	855	1,048	-	-	-	-	-	-	2,819	916	855	1,048	-
Trade and other receivables	14,293	6,442	776	6,790	285	-	-	-	-	-	14,293	6,442	776	6,790	285
Cash and cash equivalents	73,392	11,062	5,003	22,844	34,483	-	-	-	-	-	73,392	11,062	5,003	22,844	34,483
LIABILITIES	502,349	115,046	41,489	286,256	59,558	(17,809)	(16,438)	(1,371)	-	-	484,540	98,608	40,118	286,256	59,558
Debt financing	439,347	87,535	36,704	255,550	59,558	-	-	-	-	-	439,347	87,535	36,704	255,550	59,558
Interest rate derivative financial liabilities	2,383	1,410	-	973	-	-	-	-	-	-	2,383	1,410	-	973	-
Other liabilities	17,220	1,935	284	15,001	-	-	-	-	-	-	17,220	1,935	284	15,001	-
Deferred tax liability ⁴	23,532	16,438	1,371	5,723	-	(17,809)	(16,438)	(1,371)	-	-	5,723	-	-	5,723	-
Trade and other payables	19,867	7,728	3,130	9,009	-	-	-	-	-	-	19,867	7,728	3,130	9,009	-
Closing number of shares in issue	637,493,798										637,493,798				
NAV per share (euro cents)	135	41	19	46	28										
Tangible NAV per share (euro cents)											133	43	19	46	25

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts

Six-month period ended 31 December 2019

Consolidated Statement of Profit and Loss	Proportionate accounts Line Item	IFRS accounts	Add 40% DJV	Deduct 20% NCI	Other reclass	Proportionate accounts
Rental income	Net rental income - income property	33,547	888	(2,912)	(2,880)	28,643
Service charge income and other recoveries		7,418	323	(864)	(6,877)	-
Revenue		40,965				
Service charge and other property operating expenses		(10,977)	(354)	975	10,356	-
Net rental income		29,988				
Sales of inventory property		6,729	-	-	(6,729)	-
Cost of sales of inventory property		(6,403)	-	-	6,403	-
<i>Profit on sales of inventory property</i>		326				
Other income		4,672				
Dividend income (note 5)	Net dividends - listed securities	3,984	-	-	(94)	3,890
Other income (note 5)	Other distributable net income/(cost)	688	248	428	(819)	545
	Other non-distributable income/(cost)	-	-	-	141	141
Corporate expenses		(3,493)				
Corporate expenses	Net corporate expenses	(3,493)	(120)	79	157	(3,377)
	Share-based payment expense	-	-	-	(155)	(155)
Investment expenses	Investment expenses	(2,063)	(34)	83	24	(1,990)
Net operating income		29,430				
Fair value adjustments		41,908				
Gain/(loss) on fair value of inv. prop, incl. inv. prop. held for sale (note 7)	Fair value adj. – income property	29,274	10,974	-	1,775	42,023
Loss on FV of fin. investments (note 7)	Fair value adj.– listed securities	12,051	-	-	-	12,051
Change in FV of interest rate swaps (note 7)	Fair value adj.– interest rate derivatives	(113)	-	(50)	602	439
Other financial liabilities (note 7)	Fair value adj. – other fin. liabilities	696	-	-	(867)	(171)
Foreign currency exchange differences	Foreign currency exchange differences	4,586	(35)	(5)	8	4,554
Share of profit from eq. acc. investees		8,378	(8,378)	-	-	-
Gain on bargain purchase		-	-	-	-	-
Goodwill impairment	Goodwill impairment	(22,627)	-	-	-	(22,627)
Profit before finance income/(costs)		61,675				
Finance income		6,691				
Interest on preference shares (note 8)	Net income - preference shares	6,583	397	(720)	(2,310)	3,950
Amort. of cap. contrib. recvb. (note 8)		-	-	-	-	-
Interest on bank deposits (note 8)	Interest capitalised on developments	108	5	(8)	(105)	-
		-	-	-	738	738
Finance costs		(6,944)				
Interest on interest bearing borrowings (note 8)	Interest on debt financing	(6,834)	(703)	1,290	428	(5,819)
Amort. cap. contrib. payable (note 8)		-	-	-	-	-
Neg. int on bank deposits (note 8)		(110)	(4)	5	109	-
Profit before tax		61,422				
Current tax		(950)				
Income tax - other jurisd. (note 9)	Income tax	(950)	(29)	(593)	728	(844)
UK – corporation tax (note 9)	Tax on sale of property	-	-	-	-	-
Deferred tax	Deferred tax	(6,477)	(3,178)	864	(633)	(9,424)
Tax expense		(7,427)				
Profit for the period, attributable to:		53,995	-	(1,428)	-	52,567
Owners of the group	Earnings	52,567	-	-	-	52,567
Non-controlling interest		1,428				

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts

As at 31 December 2019

Consolidated Statement of Financial Position	Proportionate accounts Line Item	IFRS accounts	Add 40% DJV	Deduct 20% NCI	Other reclass	Proportionate accounts
<i>Non-current assets</i>						
Investment property		809,670				
Income-generating property (note 11)	Income property	809,339	48,452	-	185,355	1,043,146
Dev. property and land bank (note 11)	Developments - income property	331	30,589	-	16,753	47,673
	Developments - residential property	-	12,555	-	-	12,555
Intangible assets		8,780				
Goodwill (note 10)	Goodwill	8,286	-	-	-	8,286
Other intangible assets (note 10)		494	-	-	(494)	-
Inv. in equity-accounted investees		30,266	(30,266)	-	-	-
Financial assets		176,664				
PKM Dev preference shares (note 20)	Preference shares	175,962	(70,385)	-	-	105,577
Interest rate swaps (note 20)	Interest rate derivative financial assets	702	-	-	-	702
Property, plant and equipment		480	74	-	(554)	-
Other receivables		12,304	-	-	(12,304)	-
Deferred tax asset	Deferred tax asset	3,767	549	-	-	4,316
Total non-current assets		1,041,931				
<i>Current assets</i>						
Financial assets	Other assets	-	-	-	1,484	1,484
Inventory property		-	-	-	-	-
Investment property held for sale		202,090	-	-	(202,090)	-
Financial investments	Listed securities	69,416	-	-	61,934	131,350
Trade and other receivables		21,773				
Trade and other receivables	Trade and other receivables	16,802	791	-	(299)	17,294
VAT receivable	VAT receivable	897	3,923	-	-	4,820
	Share-based payment prepayments	4,074	-	-	12,304	16,378
Cash and cash equivalents	Cash and cash equivalents	65,091	3,510	-	-	68,601
Total current assets		358,370				
Total assets	Assets	1,400,301	(208)	-	62,089	1,462,182
<i>Non-current liabilities</i>						
Interest bearing borrowings	Debt financing	299,998	(13,087)	-	198,355	485,266
Financial liabilities	Interest rate derivative fin. liabilities	2,157	-	-	-	2,157
Deferred tax liability	Deferred tax liability	32,267	4,159	-	-	36,426
Total non-current liabilities		334,422				
<i>Current liabilities</i>						
Interest bearing borrowings		136,255	10	-	(136,265)	-
Financial liabilities	Other liabilities	693	-	-	-	693
Trade and other payables	Trade and other payables	22,200	8,710	-	402	31,312
Provisions		403	-	-	(403)	-
Total current liabilities		159,551				
Total liabilities	Liabilities	493,973	(208)	-	62,089	555,854
Total equity, attributable to:		906,328	-	-	-	906,328
Owners of the group	Net asset value	906,328	-	-	-	906,328
Non-controlling interest		-	-	-	-	-

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts

Six-month period ended 31 December 2018

Consolidated Statement of Profit and Loss	Proportionate accounts Line Item	IFRS accounts	Add 40% DJV	Deduct 20% NCI	Other reclass	Proportionate accounts
Rental income	Net rental income - income property	26,145	1,116	(2,408)	(2,103)	22,750
Service charge income and other recoveries		4,504	565	(754)	(4,315)	-
Revenue		30,649				
Service charge and other property operating expenses		(6,891)	(546)	889	6,548	-
Net rental income		23,758				
Sales of inventory property		27,985	-	-	(27,985)	-
Cost of sales of inventory property		(23,697)	-	-	23,697	-
<i>Profit on sales of inventory property</i>		4,288				
Other income		1,957				
Dividend income (note 5)	Net dividends - listed securities	1,880	-	-	(361)	1,519
Other income (note 5)	Other distributable net income/(cost)	77	58	(1,765)	2,335	705
	Other non-distributable income/(cost)	-	-	-	-	-
Corporate expenses		(3,103)				
Corporate expenses	Net corporate expenses	(3,103)	(84)	104	300	(2,783)
	Share-based payment expense	-	-	-	(293)	(293)
Investment expenses	Investment expenses	(1,347)	(130)	239	-	(1,238)
Net operating income		25,553				
Fair value adjustments		(24,735)				
Gain/(loss) on fair value of inv. prop, incl. inv. prop. held for sale (note 7)	Fair value adj. – income property	10,158	8,472	(2,121)	15,145	31,654
Loss on FV of fin. investments (note 7)	Fair value adj.– listed securities	(33,880)	-	-	-	(33,880)
Change in FV of interest rate swaps (note 7)	Fair value adj.– interest rate derivatives	(129)	-	23	39	(67)
Other financial liabilities (note 7)	Fair value adj. – other fin. liabilities	(884)	-	-	(38)	(922)
Foreign currency exchange differences	Foreign currency exchange differences	34	-	(4)	(4)	26
Share of profit from eq. acc. investees		6,399	(6,399)	-	-	-
Gain on bargain purchase		12,263	-	-	(12,263)	-
Goodwill impairment	Goodwill impairment	-	-	-	-	-
Profit before finance income/(costs)		19,514				
Finance income		5,149				
Interest on preference shares (note 8)	Net income - preference shares	4,836	(369)	(974)	(592)	2,901
Amort. of cap. contrib. recvb. (note 8)		302	-	-	(302)	-
Interest on bank deposits (note 8)		11	10	(2,379)	2,358	-
	Interest capitalised on developments	-	-	-	315	315
Finance costs		(3,854)				
Interest on interest bearing borrowings (note 8)	Interest on debt financing	(3,536)	(339)	3,534	(3,229)	(3,570)
Amort. cap. contrib. payable (note 8)		(302)	-	-	302	-
Neg. int on bank deposits (note 8)		(16)	(2)	2	16	-
Profit before tax		20,809				
Current tax		(1,994)				
Income tax - other jurid. (note 9)	Income tax	(1,180)	(19)	58	359	(782)
UK – corporation tax (note 9)	Tax on sale of property	(814)	-	-	-	(814)
Deferred tax	Deferred tax	(2,758)	(2,333)	587	71	(4,433)
Tax expense		(4,752)				
Profit for the period, attributable to:		16,057	-	(4,969)	-	11,088
Owners of the group	Earnings	11,088	-	-	-	11,088
Non-controlling interest		4,969				

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts

As at 31 December 2018

Consolidated Statement of Financial Position	Proportionate accounts Line Item	IFRS accounts	Add 40% DJV	Deduct 20% NCI	Other reclass	Proportionate accounts
<i>Non-current assets</i>						
Investment property		752,926				
Income-generating property (note 11)	Income property	731,586	56,032	(64,102)	5,214	728,730
Dev. property and land bank (note 11)	Developments - income property	21,340	22,226	-	14,247	57,813
	Developments - residential property	-	9,384	-	-	9,384
Intangible assets		22,412				
Goodwill (note 10)	Goodwill	22,084	-	-	-	22,084
Other intangible assets (note 10)		328	-	-	(328)	-
Inv. in equity-accounted investees		30,173	(30,173)	-	-	-
Financial assets		162,558				
PKM Dev preference shares (note 20)	Preference shares	162,251	(64,900)	-	(1)	97,350
Interest rate swaps (note 20)	Interest rate derivative financial assets	307	-	-	(307)	-
Property, plant and equipment		280	51	(12)	(319)	-
Other receivables		-	-	-	-	-
Deferred tax asset	Deferred tax asset	781	141	-	-	922
Total non-current assets		969,130				
<i>Current assets</i>						
Financial assets	Other assets	24,578	-	46,654	1,100	72,332
Inventory property		2,758	-	-	(2,758)	-
Investment property held for sale		16,842	-	-	(16,842)	-
Financial investments	Listed securities	149,172	-	-	-	149,172
Trade and other receivables		22,855				
Trade and other receivables	Trade and other receivables	21,647	921	(1,015)	-	21,553
VAT receivable	VAT receivable	1,208	2,717	(4)	-	3,921
	Share-based payment prepayments	-	-	-	-	-
Cash and cash equivalents	Cash and cash equivalents	52,858	16,713	(1,626)	-	67,945
Total current assets		269,063				
Total assets	Assets	1,238,193	13,112	(20,105)	6	1,231,206
<i>Non-current liabilities</i>						
Interest bearing borrowings	Debt financing	242,267	280	(12,390)	88,255	318,412
Financial liabilities	Interest rate derivative fin. liabilities	1,806	-	(86)	(469)	1,251
Deferred tax liability	Deferred tax liability	8,516	4,107	(1,029)	-	11,594
Total non-current liabilities		252,589				
<i>Current liabilities</i>						
Interest bearing borrowings		88,255	-	-	(88,255)	-
Financial liabilities	Other liabilities	29,404	603	-	(132)	29,875
Trade and other payables	Trade and other payables	23,052	8,122	(307)	861	31,728
Provisions		254	-	-	(254)	-
Total current liabilities		140,965				
Total liabilities	Liabilities	393,554	13,112	(13,812)	6	392,860
Total equity, attributable to:		844,639	-	(6,293)	-	838,346
Owners of the group	Net asset value	838,346	-	-	-	838,346
Non-controlling interest		6,293	-	(6,293)	-	-

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts

Year ended 30 June 2019

Consolidated Statement of Profit and Loss	Proportionate accounts Line Item	IFRS accounts	Add 40% DJV	Deduct 20% NCI	Other reclass	Proportionate accounts
Rental income	Net rental income - income property	57,620	2,208	(5,590)	(5,270)	48,968
Service charge income and other recoveries		12,455	1,183	(2,028)	(11,610)	-
Revenue		70,075				
Service charge and other property operating expenses		(18,479)	(1,248)	2,342	17,385	-
Net rental income		51,596				
Sales of inventory property		39,165	-	-	(39,165)	-
Cost of sales of inventory property		(31,014)	-	-	31,014	-
<i>Profit on sales of inventory property</i>		8,151				
Other income		7,259				
Dividend income (note 5)	Net dividends - listed securities	6,690	-	-	(786)	5,904
Other income (note 5)	Other distributable net income/(cost)	569	65	1,241	(663)	1,212
	Other non-distributable income/(cost)	-	-	-	18	18
Corporate expenses		(5,627)				
Corporate expenses	Net corporate expenses	(5,627)	(185)	178	40	(5,594)
	Share-based payment expense	-	-	-	(41)	(41)
Investment expenses	Investment expenses	(3,210)	(254)	342	(108)	(3,230)
Net operating income		58,169				
Fair value adjustments		(7,632)				
Gain/(loss) on fair value of inv. prop, incl. inv. prop. held for sale (note 7)	Fair value adj. – income property	25,045	11,701	(6,078)	22,380	53,048
Loss on FV of fin. investments (note 7)	Fair value adj. – listed securities	(29,847)	-	-	-	(29,847)
Change in FV of interest rate swaps (note 7)	Fair value adj. – interest rate derivatives	(1,041)	-	290	-	(751)
Other financial liabilities (note 7)	Fair value adj. – other fin. liabilities	(1,789)	-	-	200	(1,589)
Foreign currency exchange differences	Foreign currency exchange differences	(365)	(74)	-	74	(365)
Share of profit from eq. acc. investees		11,009	(11,009)	-	-	-
Gain on bargain purchase		12,263	-	-	(12,263)	-
Goodwill impairment	Goodwill impairment	-	-	-	-	-
Profit before finance income/(costs)		73,444				
Finance income		12,058				
Interest on preference shares (note 8)	Net income - preference shares	11,195	612	(1,788)	(3,302)	6,717
Amort. of cap. contrib. recvb. (note 8)		603	-	-	(603)	-
Interest on bank deposits (note 8)		260	17	(42)	(235)	-
	Interest capitalised on developments	-	-	-	1,882	1,882
Finance costs		(10,251)				
Interest on interest bearing borrowings (note 8)	Interest on debt financing	(9,399)	(1,139)	2,628	(561)	(8,471)
Amort. cap. contrib. payable (note 8)		(603)	-	-	603	-
Neg. int on bank deposits (note 8)		(249)	(7)	9	247	-
Profit before tax		75,251				
Current tax		(3,948)				
Income tax - other jurid. (note 9)	Income tax	(2,402)	(40)	105	784	(1,553)
UK – corporation tax (note 9)	Tax on sale of property	(1,546)	-	-	-	(1,546)
Deferred tax	Deferred tax	(9,425)	(1,830)	1,548	(20)	(9,727)
Tax expense		(13,373)				
Profit for the period, attributable to:		61,878	-	(6,843)	-	55,035
Owners of the group	Earnings	55,035	-	-	-	55,035
Non-controlling interest		6,843				

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts

As at 30 June 2019

Consolidated Statement of Financial Position	Proportionate accounts Line Item	IFRS accounts	Add 40% DJV	Deduct 20% NCI	Other reclass	Proportionate accounts
<i>Non-current assets</i>						
Investment property		872,062				
Income-generating property (note 11)	Income property	852,840	13,880	(87,486)	71,090	850,324
Dev. property and land bank (note 11)	Developments - income property	19,222	27,818	(68)	26,790	73,762
	Developments - residential property	-	9,790	-	-	9,790
Intangible assets		30,647				
Goodwill (note 10)	Goodwill	30,252	-	(1,744)	-	28,508
Other intangible assets (note 10)		395	-	-	(395)	-
Inv. in equity-accounted investees		21,888	(21,888)	-	-	-
Financial assets		174,903				
PKM Dev preference shares (note 20)	Preference shares	174,128	(69,651)	-	-	104,477
Interest rate swaps (note 20)	Interest rate derivative financial assets	775	-	-	-	775
Property, plant and equipment		317	75	-	(392)	-
Other receivables		-	-	-	-	-
Deferred tax asset	Deferred tax asset	4,280	1,096	(603)	-	4,773
Total non-current assets		1,104,097				
<i>Current assets</i>						
Financial assets	Other assets	11,594	-	37,473	1,116	50,183
Inventory property		5,270	-	-	(5,270)	-
Investment property held for sale		92,610	-	-	(92,610)	-
Financial investments	Listed securities	87,814	-	-	59,558	147,372
Trade and other receivables		17,306				
Trade and other receivables	Trade and other receivables	15,113	776	(1,596)	-	14,293
VAT receivable	VAT receivable	2,193	855	(229)	-	2,819
	Share-based payment prepayments	-	-	-	-	-
Cash and cash equivalents	Cash and cash equivalents	71,155	5,003	(2,766)	-	73,392
Total current assets		285,749				
Total assets	Assets	1,389,846	(32,246)	(57,019)	59,887	1,360,468
<i>Non-current liabilities</i>						
Interest bearing borrowings	Debt financing	312,755	(37,034)	(40,215)	203,841	439,347
Financial liabilities	Interest rate derivative fin. liabilities	2,735	-	-	(352)	2,383
Deferred tax liability	Deferred tax liability	26,270	1,371	(4,109)	-	23,532
Total non-current liabilities		341,760				
<i>Current liabilities</i>						
Interest bearing borrowings		143,707	-	-	(143,707)	-
Financial liabilities	Other liabilities	17,309	287	(481)	105	17,220
Trade and other payables	Trade and other payables	21,271	3,130	(4,775)	241	19,867
Provisions		241	-	-	(241)	-
Total current liabilities		182,528				
Total liabilities	Liabilities	524,288	(32,246)	(49,580)	59,887	502,349
Total equity, attributable to:		865,558	-	(7,439)	-	858,119
Owners of the group	Net asset value	858,119	-	-	-	858,119
Non-controlling interest		7,439	-	(7,439)	-	-

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

26. Earnings per share and diluted earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Profit for the period/year attributable to the owners of the Group	52,567	11,088	55,035
Opening issued ordinary shares	637,493,798	637,493,798	637,493,798
Effect of shares issued	12,380,435	-	-
Weighted-average number of ordinary shares	649,874,233	637,493,798	637,493,798

The shares issued as part of the geared share purchase plans are not included in the calculation of the weighted-average number of ordinary shares as they are deemed to be unissued (treasury shares).

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Profit attributable to owners of the Group (thousand euro)	52,567	11,088	55,035
Weighted-average number of ordinary shares	649,874,233	637,493,798	637,493,798
Basic earnings per share (euro cents)	8.09	1.74	8.63

Diluted earnings per share

The calculation of diluted earnings per share has been based on the following weighted-average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

	Reviewed Six-month period ended 31 Dec 2019	Reviewed Six-month period ended 31 Dec 2018	Audited Year ended 30 Jun 2019
Weighted-average number of ordinary shares (basic)	649,874,233	637,493,798	637,493,798
Effect of share options	-	-	-
Weighted-average number of ordinary shares (diluted)	649,874,233	637,493,798	637,493,798
Profit attributable to ordinary shareholders (thousand euro)	52,567	11,088	55,035
Weighted-average number of ordinary shares	649,874,233	637,493,798	637,493,798
Diluted earnings per share (euro cents)	8.09	1.74	8.63

At 31 December 2019, options on 3,850,000 shares (December 2018: 7,850,000; June 2019: 5,381,127) were excluded from the diluted weighted-average number of ordinary shares because their effect would have been anti-dilutive.

The average market value of the company's shares for the purpose of calculating the dilutive effect of the share options was based on quoted market prices for the period during which the options were outstanding.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Headline earnings/(loss) and diluted headline earnings/(loss) per share

	Note	Reviewed Six-month period ended 31 Dec 2019		Reviewed Six-month period ended 31 Dec 2018		Audited Year ended 30 Jun 2019	
		Gross	Net	Gross	Net	Gross	Net
Profit for the period attributable to ordinary shareholders		52,567	52,567	11,088	11,088	55,035	55,035
Adjusted for:							
Fair value gain on investment property	11	(28,033)	(22,199)	(10,626)	(8,483)	(24,087)	(15,796)
Fair value gain on investment property in associate		(11,145)	(9,502)	(8,529)	(5,004)	(11,809)	(9,393)
Fair value loss on investment property held for sale	12	(1,241)	(731)	468	468	(958)	(958)
Recycle of foreign currency exchange through profit and loss		(1)	(1)	(679)	(679)	(12,263)	(12,263)
Loss on disposal of property, plant and equipment		1	1	91	91	91	91
Goodwill impairment	10	22,627	22,627	-	-	-	-
Gain on bargain purchase		-	-	(12,263)	(12,263)	-	-
Recycle of foreign currency exchange through profit and loss						(679)	(679)
Headline earnings/(loss)		34,775	42,762	(20,450)	(14,782)	5,330	16,037
<i>Headline earnings/(loss) per share</i>							
Weighted-average number of ordinary shares (basic)		649,874,233	649,874,233	637,493,798	637,493,798	637,493,798	637,493,798
Headline earnings per share (euro cents)		5.35	6.58	(3.21)	(2.32)	0.84	2.52
<i>Diluted headline earnings/(loss) per share</i>							
Weighted-average number of ordinary shares (diluted)		649,874,233	649,874,233	637,493,798	637,493,798	637,493,798	637,493,798
Diluted headline earnings per share (euro cents)		5.35	6.58	(3.21)	(2.32)	0.84	2.52

The JSE Listings Requirements require the calculation of headline earnings and diluted headline earnings per share and the disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the calculation of basic earnings per share, as required by IAS 33 'Earnings per Share'. Disclosure of headline earnings is not an IFRS requirement. The directors do not use headline earnings or headline earnings per share in their analysis of the Group's performance, and do not consider it to be a useful or relevant metric for the Group. The directors make no reference to headline earnings or headline earnings per share in their commentaries, instead, the directors use distributable earnings as a more relevant measure.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

27. Related parties

Parent and ultimate controlling party

The Group has no ultimate controlling party but is controlled by its ordinary shareholders in aggregate.

Key management

Key management consists of the executive and non-executive directors as well as the company secretary.

Transactions with key management

Six-months ended 31 December 2019 (reviewed)

	Role	During the period	Basic salary	Benefits ²	Short-term incentive	Long-term incentive	Sub Total	IFRS 2 option expense	Total
Martin Slabbert	CEO	Appointed	-	-	-	-	-	33	33
Victor Semionov	CFO	Appointed	-	-	-	-	-	33	33
Jonathan Knight ¹	CIO		46	-	34	-	80	37	117
Dan Petrisor	Executive director	Appointed	-	-	-	-	-	-	-
Malcolm Levy	NED		18	-	-	-	18	-	18
Pierre Goosen	NED		26	-	-	-	26	-	26
Werner Alberts	NED		17	-	-	-	17	-	17
Melt Hamman	NED		19	-	-	-	19	-	19
Claudia Pendred	NED	Appointed	-	-	-	-	-	-	-
Brett Nagle	NED	Appointed	-	-	-	-	-	-	-
Helen Cullen ²	Company Secretary		56	2	17	-	75	12	87
Werner Behrens ²	Former CEO	Resigned	132	282	35	-	449	(1)	448
Paul Osbourn ²	Former CFO	Resigned	98	344	128	-	570	(1)	569
Ron Spencer	Former Chairman	Resigned	20	-	-	-	20	-	20
Jaco Jansen	Former NED	Resigned	19	-	-	-	19	-	19
Glynnis Carthy	Former NED	Resigned	20	-	-	-	20	-	20
			471	628	214	-	1,313	113	1,426

¹ Jonathan Knight has a contract of employment with Corona Real Estate Partners Limited, a service provider to MAS Property Advisors Limited. The total remuneration charged by Corona in relation to services provided to MAS by Jonathan Knight was €117 thousand. Jonathan Knight received a salary of €34 thousand from Corona.

² The benefits provided to Helen Cullen are in relation to pension contributions. The benefits provided to Werner Behrens and Paul Osbourn are in relation to pension contributions and payments in relation to their resignations.

Six-months ended 31 December 2018 (reviewed)

	Role	During the period	Basic salary	Benefits	Short-term incentive	Long-term incentive	Sub total	IFRS 2 option expense	Total
Malcolm Levy	Interim CEO		-	-	-	-	-	149	149
Paul Osbourn	CFO		76	-	-	-	76	-	76
Jonathan Knight	CIO		45	-	-	-	45	61	106
Ron Spencer	Chairman		24	-	-	-	24	-	24
Gideon Oosthuizen	NED		19	-	-	-	19	-	19
Jaco Jansen	NED		19	-	-	-	19	-	19
Pierre Goosen	NED		26	-	-	-	26	-	26
Glynnis Carthy	NED		20	-	-	-	20	-	20
Werner Alberts	NED		11	-	-	-	11	-	11
Melt Hamman	NED		1	-	-	-	1	-	1
Helen Cullen	Company secretary		55	-	5	-	60	21	81
Morné Wilken ¹	Former CEO	Resigned	144	112	-	-	256	-	256
			440	112	5	-	557	231	788

¹ The sum of £500 thousand (approximately €564 thousand) was awarded and paid to Morné Wilken as recognition that he would forfeit in-the money incentive scheme by becoming CEO of MAS. This amount was repayable on a pro-rata basis should he cease to be employed by the company from 1 January 2018 and accordingly £17 thousand (approximately €19 thousand) was expensed monthly and recognised as a benefit paid to him. Morné paid back the outstanding amount of £300 thousand (approximately €335 thousand) when he ceased to be director.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

Year ended 30 June 2019 (audited)

	Role	During the year	Basic salary/ fees	Benefits ³	Short-term incentive	Long-term incentive	Sub total	IFRS 2 option expense	Total
Werner Behrens ³	CEO	Appointed	52	7	-	-	59	1	60
Paul Osbourn ³	CFO	Appointed	186	3	-	-	189	1	190
Jonathan Knight ¹	CIO		89	-	-	-	89	51	140
Ron Spencer	Chairman		49	-	-	-	49	-	49
Malcolm Levy	NED	Appointed	-	-	-	-	-	-	-
	Former CFO /Interim								
Malcolm Levy	CEO	Resigned	206	-	-	-	206	(464)	(258)
Jaco Jansen	NED		38	-	-	-	38	-	38
Pierre Goosen	NED		52	-	-	-	52	-	52
Glynnis Carthy	NED		40	-	-	-	40	-	40
Werner Alberts	NED	Appointed	28	-	-	-	28	-	28
Melt Hamman	NED	Appointed	20	-	-	-	20	-	20
	Company Secretary								
Helen Cullen ³	Secretary		97	1	4	-	102	17	119
Morné Wilken ²	Former CEO	Resigned	146	112	-	-	258	-	258
Gideon Oosthuizen	Former NED	Resigned	19	-	-	-	19	-	19
			1,022	123	4	-	1,149	(394)	755

¹ Jonathan Knight has a contract of employment with Corona Real Estate Partners Limited, a service provider to MAS Property Advisors Limited. The total remuneration paid to Corona in relation to services provided to MAS by Jonathan Knight was €162 thousand (2018: €130 thousand). Jonathan Knight received a salary of €67 thousand (2018: €68 thousand) from Corona.

² When recruited, a sum of £500 thousand (approximately €558 thousand) was awarded and paid to Morné Wilken as recognition that he would forfeit an in-the money incentive scheme by becoming CEO of MAS. This amount was repayable on a pro-rata basis should he cease to be employed by the company from 1 January 2018 to 30 June 2020, and accordingly £17 thousand (approximately €19 thousand) was expensed monthly and recognised as a benefit paid to him. Morné refunded the outstanding amount, totalling £300,000 (approximately €335 thousand), when he ceased to be director.

³ The benefits provided to Werner Behrens are in relation to relocation fees, those provided to Paul Osbourn and Helen Cullen are in relation to pension contributions.

Related party relationships

Corona Real Estate Partners Limited

Corona Real Estate Partners Limited ("Corona") is a real estate management company with five staff members and is owned 100% by Jonathan Knight who is the Chief Investment Officer of the Group.

Prime Kapital Holdings Limited

Prime Kapital Limited is an integrated real estate developer, investor and operator. Martin Slabbert, CEO and Victor Semionov, CFO are partners and jointly control Prime Kapital. Prime Kapital became a related party of the Group on 27 November 2019, the date on which Martin and Victor were appointed to the MAS Board.

Prime Kapital Development SRL

Prime Kapital Development SRL is one of the subsidiaries of Prime Kapital Holdings Limited, providing property management, construction and development services to the Group and PKM Developments.

PKM Developments

PKM Developments is an associate of the Group and MAS owns 40% of the ordinary shares, refer to note 14.

Harneys Fiduciary

Harneys Fiduciary provides BVI corporate services and is a director of MAS (BVI) Holdings Limited and MAS CEE Investments Limited, 100% owned subsidiaries of the company. Services are provided by its subsidiary Epstone formally known as Momats.

**Condensed consolidated interim financial statements
for the six-month period ended 31 December 2019**

Related party transactions

		Income/(expenses) for the period/year ended			Net (receipts)/payments for the period/year ended			Capitalised for the period/year ended			Balances receivable/(payable) as at		
		Reviewed 31 Dec 2019	Reviewed 31 Dec 2018	Audited 30 Jun 2019	Reviewed 31 Dec 2019	Reviewed 31 Dec 2018	Audited 30 Jun 2019	Reviewed 31 Dec 2019	Reviewed 31 Dec 2018	Audited 30 Jun 2019	Reviewed 31 Dec 2019	Reviewed 31 Dec 2018	Audited 30 Jun 2019
	Note												
<i>Corona Real Estate Partners Limited</i>													
• Legal and professional expenses		(775)	(332)	(880)	736	336	1,008	-	-	-	-	(139)	(137)
		(775)	(332)	(880)	736	336	1,008	-	-	-	-	(139)	(137)
<i>Prime Kapital Holdings Limited</i>													
• Other non-current receivable		-	-	-	-	-	-	271	-	-	271	-	-
• Prepaid development services		-	-	-	-	-	-	10,676	-	-	-	-	-
• Dividend payable		-	-	-	-	-	-	-	-	-	(1,549)	-	-
		-	-	-	-	-	-	10,947	-	-	(1,278)	-	-
<i>Prime Kapital Development SRL</i>													
• Service charge and other property operating expenses		(169)	-	-	91	-	-	-	-	-	(169)	-	-
		(169)	-	-	91	-	-	-	-	-	(169)	-	-
<i>PKM Developments</i>													
• Equity accounted investee	14	8,378	6,399	11,009	-	-	-	-	-	(12,895)	30,266	30,173	21,888
• Preference shares – PKM Developments	8,20	6,583	4,835	11,194	(4,749)	(4,630)	60,819	-	-	(2,931)	175,962	162,251	174,128
• Other income		-	-	293	-	-	(293)	-	-	-	-	-	-
• Interest-bearing deferred consideration	19	(1,192)	-	(1,244)	58,000	-	2,798	-	-	(93,315)	(34,953)	-	(91,761)
• Net assets acquired in business combinations (including goodwill)		-	-	-	-	-	-	-	-	109,141	-	-	-
		13,769	11,234	21,252	53,251	(4,630)	63,324	-	-	-	171,275	192,424	104,255
<i>Harneys Fiduciary</i>													
• Directors fees and legal and professional fees		(27)	(7)	(18)	20	-	23	-	-	-	(32)	-	9
		(27)	(7)	(18)	20	-	23	-	-	-	(32)	-	9
		12,798	10,895	20,354	54,098	(4,294)	64,355	10,947	-	-	169,796	192,285	104,127

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Group subsidiaries

The Group's subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Entity name	Ownership interest held by the Group
MAS REI	100%
MAS (BVI) Holdings Limited	100%
MAS Mezzi Limited	100%
MAS Property Advisors Limited	100%
MAS (IOM) Holdings Limited	100%
MAS CEE Developments Limited	100%
MAS CEE Investments Limited	100%
MAS One PCC Limited	100%
MAS Two PCC Limited	100%
MAS Three PCC Limited	100%
Braehead Properties Limited	100%
Chippenham Properties Limited	100%
Langley Properties Limited	100%
North Street Quarter Limited	100%
New Waverley 10 Limited	100%
New Waverley 12 Limited	100%
New Waverley 14 Limited	100%
New Waverley 20 Limited	100%
MAS (European) Holdings Limited	100%
Braunschweig Limited	100%
Flensburg Limited	100%
New Ueberior House Limited	100%
Brandenburg Retail Capital SARL	100%
European Property Holdings SARL	100%
Impromptu Capital SARL	100%
Incantada Capital SARL	100%
Innova Capital SARL	100%
Interlude Capital SARL	100%
Intermezzo Capital SARL	100%
Istempo Capital SARL	100%
Instrumento Capital SARL	100%
Intonata Capital SARL	100%
Inventive Capital SARL	100%
Leipzig Retail Capital SARL	100%
Magdeburg Retail Capital SARL	100%
Petrusse Capital SARL	100%
PKM CEE Investments Ltd	100%
PKM Investments Finance Ltd	100%
PKM Investment Sarl	100%
PKM Ariel SRL	100%
PKM Neptune SRL	100%
Land Development Proiect SRL	100%
PKM Gemini SRL	100%
Mastweight SRL	100%
PK Black SRL	100%
PK Red SRL	100%
PK Indigo SRL	100%
Galleria Burgas ead	100%
Galleria Stara Zagora ead	100%
PKM Investments (Netherlands) BV	100%
Nova Park sp zoo	100%
PK Mezz BV	100%
Prime Kapital CEE Property Investment Management Ltd	100%
PK Property Management (Poland) sp zoo	100%
PK Property Management (Bulgaria) eood	100%

All amounts in € thousand unless otherwise stated.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

28. Contingent liabilities

The Group is subject to possible litigation regarding a disputed lease agreement in one of its subsidiaries. The maximum potential claim is €3,000 thousand, however, at the date of this report there are no current legal proceedings and the success of the claim is not considered to be probable.

29. Capital commitment

The Group has committed to fund PKM Developments through 7.5% cumulative preference shares issued by PKM Developments. The Group is committed to fund up to a total of €420,000 thousand (December 2018: €300,000 thousand; June 2019: €420,000 thousand). The outstanding commitment at the reporting date was €250,000 thousand (December 2018: €143,000 thousand; June 2019: €250,000 thousand) which is expected to be funded by 23 March 2025. The commitments have been reviewed and are not considered to be onerous at the reporting date.

30. Events after the reporting period

Further to the period end, management has advanced its plan to dispose of the WE assets, and the Group intends to reclassify the entire portfolio to Investment property held for sale. In this respect, the Group has determined estimated future potential costs and losses of €36,073 thousand comprising punitive fixed-interest arrangements and early debt repayment penalties payable to banks, agency fees and other related costs or losses.

Out of investment property held for sale, the remaining land at Langley was disposed of for £15million (£14.24million/€16.73million book value on 31 December 2019). The sale is conditional upon vacating the site, relocating parking and electrical equipment. Total cost of the sale, including relocation and disposal, is €1million (estimated). Proceeds should be received by the end of March 2020.

In January 2020, the Group announced the appointments of Dan Pascariu and Vasile Iuga as independent non-executive directors of the Company with effect from 13 January 2020.

Further to the recent announcements regarding Board composition and changes, the Board has been considering executive reporting lines, the functions of executive directors and the balance between executive and non-executive directors. The chief investment officer function has been combined with that of the CEO and reporting lines have been restructured. The Board has also concluded that the Company has more executive directors than required. As a result, Dan Petrisor and Jonathan Knight have resigned as executive directors of the Board of the Company. They remain senior executives of the Group, have been appointed as alternative executive directors and are permanent invitees to the Company's Board meetings.

During the period post 31 December 2019 up to the date of these financial statements, financial investments (direct financial investments and CFDs) have been disposed of for €51,064 thousand.

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Property Valuers

Germany

Cushman & Wakefield (UK) LLP – German Branch
Rathenauplatz 1
D-60313 Frankfurt am Main
Germany

Jones Lang LaSalle SE
Wilhelm-Leuschner-Strasse 78
D-60329 Frankfurt am Main
Germany

Poland

Cushman & Wakefield Polska Sp. z o.o.
Metropolitan
Plac Pilsudskiego 1
Warsaw, 00-078
Poland

Romania and Bulgaria

Cushman & Wakefield Echinox
Banu Antonache Street
No 40-44, 3rd Floor Sector 1,
Bucharest

Switzerland

Wüest & Partner AG
Bleicherweg 5
CH-8001
Zürich
Switzerland

United Kingdom

Gerald Eve LLP
72 Welbeck Street
London, W1G 0AY
England

Montagu Evans LLP
4th Floor Exchange Tower
19 Canning Street
Edinburgh, EH3 8EG
Scotland

CBRE
7 Castle Street,
Edinburgh, EH2 3AH
Scotland

Avison Young (GVA Grimley Limited)
St Catherine's Court
Berkeley Place
Bristol, BS8 1BQ
England

Jones Lang LaSalle Limited
7 Exchange Crescent Conference Square
Edinburgh, EH3 8LL
Scotland

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Glossary

Adjusted distributable earnings	Adjusted distributable earnings represents the adjusted underlying earnings of the Group from net rental income from income property, net income from preference shares, net dividends on listed securities, net corporate expenses, interest on debt financing, interest capitalised on developments, other distributable net income or cost and income tax
BVI	British Virgin Islands
CEE	Central and Eastern Europe
CFDs	Contract for Differences
CGU	Cash-generating unit
Company	MAS Real Estate Inc.
Development property	Property under construction, in process of being developed for future use as income property or for sale and land plots to be utilised for future developments
ERV	Estimated rental value
FVTPL	Fair value through profit and loss
Group	MAS Real Estate Inc. and its subsidiaries
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards as issued by the IASB
IFRS NAV per share	IFRS Net Asset Value divided by the IFRS basic number of shares in issue at the end of the period. For clarity this excludes the geared share purchase plan shares
Income property	Property held to earn rental income.
Investment property	Income property, Development property and Land bank
IOM	Isle of Man
IJV	Investment joint venture, former joint venture with PK, 80% owned and controlled by the Company, for investing in CEE Income properties
JSE	Johannesburg Stock Exchange
King IV	King IV Code of Corporate Governance for South Africa
Land bank	Land plots held for future developments.
Lease incentives	Incentives offered to lessees to enter into a lease, typically in the form of a rent-free period or cash contribution towards fit-out costs
LTV	Loan to value, the ratio of the nominal value of debt net of cash to investment property and listed securities
LuxSE	Luxembourg Stock Exchange

Condensed consolidated interim financial statements for the six-month period ended 31 December 2019

Glossary

Median daily share volume	The median number of shares traded per day during the financial period on the JSE
NAV	Net asset value
SA REIT	South African Real Estate Investment Trust Association, the representative umbrella body comprised of voluntary members of South African listed REIT companies and trusts
Tangible NAV	Net asset value which includes only assets and liabilities likely to crystallise on disposal, and corresponds to net asset value under adjusted proportionate accounts
Transaction	The acquisition on 27 November 2019 by the Group of PK's effective economic interest in the IJV with MAS
NCI	Non-controlling interest
NRI	Net rental income
PK	Prime Kapital Holdings Limited
PKM Developments	PKM Development Limited
REIT	Investment in listed real estate equity securities
WE	Western Europe
WALT	Weighted average lease term across the portfolio weighted by passing rent
WACD	Weighted average cost of debt