

**Directors' commentary and
Consolidated annual financial statements
for the year to
30 June 2023**

31 August 2023



Table of Contents

Directors' commentary	a to e
Statement of Directors' responsibilities	f
Independent auditor's report to the shareholders of MAS P.L.C.	i to xii
Consolidated annual financial statements	
Consolidated statement of profit or loss	1
Consolidated statement of other comprehensive income	2
Consolidated statement of financial position	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the consolidated annual financial statements	6 to 65
Shareholding structure	66
Income property overview	67 to 68
Company information, advisors and property valuers	69
Glossary	70 to 71

Directors' commentary

Introduction and background

MAS (hereafter referred to as the Group or Company) performed well during the second half of the financial year ended 30 June 2023, achieving adjusted distributable earnings for the year of 8.93eurocents per share (a 30.7% increase from adjusted distributable earnings per share for the previous financial year). This strong performance was driven by stellar operational results in commercial retail properties operated by the Group. By contrast, the current market uncertainties and increased interest rate environment have brought about various challenges, with ramifications affecting both MAS and the development joint venture (DJV¹) with developer Prime Kapital. In respect of the latter, notwithstanding the strong fundamentals of the residential business, this segment of operations is facing headwinds.

Changes with respect to the funding environment have effects on multiple areas of the business, specifically due to the cost and availability of secured and unsecured debt. As communicated on 29 June 2023, MAS' board of directors (Board) was undertaking a comprehensive process of reviewing the Company's strategy and committed to announce the outcome of the review with the release of the financial results for the period to 30 June 2023. Following the strategic review, where the Board considered at length the macroeconomic challenges with respect to the debt markets, it has resolved a more conservative and proactive approach is required at this stage. For this reason, the Board deems it prudent to pause distributions and accumulate liquidity to provide for a more robust capital structure that can meet the operating requirements of the business in a more challenging funding environment.

The aforementioned points, and the Group's financial results are elaborated in detail within.

Preamble

In addition to the reported International Financial Reporting Standards (IFRS) results, this commentary also includes segmental reporting prepared on a proportionate consolidated basis, which assists the interpretation of the former rather than replacing it. Detailed financial results and the Company Profile, for the year ended 30 June 2023, including highlights and supplemental operational information, are available on MAS' corporate website. Unless otherwise stated, all amounts in the Directors' commentary are presented on an adjusted proportionate consolidated basis.

MAS primarily invests in, and operates, retail assets in Central and Eastern Europe (CEE). The Group is well positioned to leverage the region's long-term, continual, high growth in consumption and generate strong like-for-like (LFL) net rental income (NRI) growth from retail holdings through increasing tenants' sales and implementing asset management initiatives. MAS benefits from downside-protected exposure to retail and residential developments via the DJV with developer Prime Kapital.

MAS remains committed to maximising total long-term returns from property investments on a per share basis. This is aimed to be achieved by concentrating on capital allocation, operational excellence, sensible leveraging, and cost efficiency, thereby sustainably growing distributable earnings per share. Benefiting from the continual high growth in Central and Eastern European consumption, the Group operates directly owned income property and employs capital in commercial and residential developments owned indirectly via the DJV with co-investor and developer Prime Kapital.

Outcome of strategy review

It is expected that real GDP and consumption growth in Romania will endure, and that long-term growth in Romania and other CEE countries will continue to remain robust and significantly surpass growth in Western European countries for the foreseeable future. As such, the Group expects to generate best-in-class, sustainable, long-term total shareholder returns.

MAS published, with the release of the Group's 30 June 2021 financial statements, four quantified strategic objectives set to be achieved over five years (by the end of the 2026 financial year). Their achievement would have implied an increase in scale that would have positioned the Company well for an investment-grade credit rating. On this basis, the Company committed to a full pay-out of distributable income during this period and published its ambition to achieve distributable earnings per share ranging between 14.5 – 15eurocents per share by the 2026 financial year, with increases in gearing levels and profits from residential developments being core components.

Since formulation of these objectives, significant market changes have taken place. These affect the underlying assumptions in respect of debt financing cost and availability, and the achievability of the residential development targets over this period.

Before the funding environment changed, MAS was well on track to meet rating agencies' requirements for an investment grade rated real estate company. An investment grade credit rating would have facilitated refinancing the Group's issued bond in the capital markets, providing MAS with flexible access to debt finance at optimal cost, which is integral to long-term strategy. Despite the Group's strong operating performance, Moody's has downgraded MAS' corporate issuer, and bond, credit rating to Ba2 from Ba1 in July 2023, primarily because of the current challenging funding environment for real estate companies. Appetite for below investment grade bond issues has declined considerably and the associated cost of new bond funding has increased substantially. This means that potential issuers of such bonds may either have difficulty raising debt capital and/or may have to pay exorbitant interest rates to attract investors, which could affect their profitability and creditworthiness.

It is unlikely MAS will achieve, as previously planned, an investment grade credit rating well in advance of its bond maturity in May 2026. It is also expected that interest rates will remain at higher levels for longer than previously anticipated, which has a direct impact on appropriate debt levels. As such, alternative funding sources are required to ensure repayment of the existing bond at (or before) maturity.

¹ DJV is an abbreviation for a separate corporate entity named PKM Development Ltd (PKM Development), an associate of MAS since 2016 with independent governance. MAS owns 40% of PKM Development's ordinary equity (€20million), an investment conditional on it irrevocably undertaking to provide preferred equity to PKM Development on notice of drawdown. By 30 June 2023, MAS had invested €309.5million in preferred equity and had an obligation of €160.5million outstanding. In addition, MAS has committed to provide PKM Development a revolving credit facility of €30million at a 7.5% fixed rate, of which €19.5million was undrawn on 30 June 2023 (figures not proportionally consolidated). The balance of the ordinary equity in PKM Development (€30million) was taken up by Prime Kapital in 2016 in cash. In terms of applicable contractual undertakings and restrictions, Prime Kapital:

- (i) is not permitted to undertake real estate development in CEE outside of PKM Development until the DJV's capital commitments are fully drawn and invested or 2030 (end of exclusivity period);
- (ii) contributes secured development pipeline to PKM Development at cost;
- (iii) takes responsibility for sourcing further developments, and
- (iv) provides PKM Development with all necessary construction and development services via integrated in-house platform.

Accordingly, MAS has reconsidered the Group's capital structure and revised its self-imposed, long-term overall debt limit downwards. More restrictive than its covenant tolerances, MAS' overall debt will from now on be limited to a maximum LTV of 35% (decreased from 40%). The Group's limitation of net debt to a maximum of seven is targeted to decrease to six times net rental income (computed on a forward-looking basis). These tighter limits will be monitored and adhered to on both an IFRS and on a proportionate consolidated accounting basis.

In addition, MAS is implementing a debt management plan to raise bank funding secured against its unencumbered properties in CEE aimed at reducing refinancing risks associated with its bond maturity. To date, management has negotiated €134.8million in new secured bank loan funding and processes to attract an additional €45million are ongoing. Drawing down on these facilities remains subject to banks' risk and credit approval processes, final terms being agreed, and conditions precedent being fulfilled.

Under the previous, more relaxed, self-imposed debt limitations, combined with MAS' plan to utilise almost exclusively unsecured debt in its capital structure, the Company could have maintained the full pay-out of distributable earnings. However, the adoption of the above, more restrictive, debt limitations whilst implementing a debt management plan focusing on raising secured debt and maintaining a full pay-out of distributable earnings will place MAS at undue risk of not meeting its existing ongoing funding commitments. The Board has therefore resolved rather to accumulate adequate liquidity to cover the bond redemption and medium-term funding commitments as they fall due whilst simultaneously reducing anticipated overall future debt levels. The Company will thus retain distributable earnings in full until such time as these objectives have been substantially met.

Although the long-term fundamentals of the Romanian residential market remain strong, residential demand is currently suboptimal, given significant increases in construction costs that placed downward pressure on margins. To this end, residential projects not currently under construction, and new phases to projects currently under development, have been placed on hold, attesting to the value of maintaining flexibility and optionality in the DJV's development and projects' de-risking processes. Considering this, expected timelines, costs, and margins in respect of the residential development pipeline are no longer applicable and will not be published. Publication of these estimates will resume when the DJV considers it appropriate to proceed with these developments.

Regarding unsold completed units at Avalon Estate and Marmura Residence, the DJV will retain these units for rental, addressing rising demand for quality rental stock in Bucharest, while preserving the option to sell in due course.

The strategic earnings targets previously set to be achieved by the end of the 2026 financial year, in respect of which excellent progress has been achieved to date, accounted for factors which have changed significantly since the targets had been set. This includes debt funding to be raised closer to the Group's previous self-imposed debt limitations (no longer appropriate due to the adoption of more conservative debt limitations) and significantly scaling up the residential development business over this period (no longer appropriate due to current unfavourable residential market dynamics). As a result, the strategic earnings target previously set in respect of the 2026 financial year, is withdrawn.

Financial results

Group adjusted total earnings are, on a segmented basis, the combined return of: (i) directly-owned income property and operations in CEE; (ii) Central and Eastern European investments with Prime Kapital in the DJV (including earnings from a proportion of completed DJV-owned income properties, net income from DJV's residential business, development activities and income from funding provided to the DJV); (iii) the remaining directly-owned income property operations in Western Europe (WE), and (iv) investments in listed securities and other elements disclosed as Corporate.

Adjusted total earnings for the six months to 30 June 2023 were €41.2million and consisted of adjusted distributable earnings of €29.7million and adjusted non-distributable earnings of €11.5million. Tangible net asset value (NAV) was €1.45 per share on 30 June 2023, a marginal increase from 31 December 2022 (3.6% increase from Tangible NAV on 30 June 2022). Adjusted distributable earnings for the financial year were 8.93eurocents per share (30.7% increase compared to financial year to 30 June 2022) and resulted from 4.51eurocents per share for the six months to 30 June 2023 and 4.42eurocents per share for the preceding six months. MAS achieved diluted adjusted distributable earnings for the financial year of 8.80eurocents per share. Of this, commercial and corporate operations contributed 8.82eurocents per share, in line with the attributable earnings guidance range of 8.75 – 9.00eurocents per share provided in March 2023.

The variance in MAS' adjusted total earnings compared to the six months to 31 December 2022, is mostly due to positive outcomes arising from:

- (i) continued outstanding performance of, and increase in, NRI from retail properties in CEE, enhanced by excellent rental and service charge collections and exceptional trading at commercial centres operated by MAS;
- (ii) losses recognised in the previous period resulting from an increase in management's estimate for disposal realisation costs and losses for Western European assets remaining to be sold, as well as from foreign exchange losses related to the disposal of UK properties (Langley Park land), not being repeated, and
- (iii) increased income from preferred equity, resulting from additional investments during the current and previous six-month periods.

These positives have been partially offset by (i) decreases in dividends and value of MAS' investment in listed securities following disposals in the current and previous six months; (ii) lower, still favourable, increases in Central and Eastern European property valuations; (iii) decreases in MAS' interest rate derivatives' market value, and (iv) net losses derived from the DJV's residential business caused by a challenging residential sales market environment requiring the DJV to recognise a decrease in net realisable value for some of its completed residential properties.

Operations

There was excellent trading in all Central and Eastern European countries where the Group operates during the first six months of the 2023 calendar year, with all the Group's properties benefiting from robust footfall and tenant sales. MAS progressed well with asset management initiatives aimed at achieving previously stated asset management targets.

Information regarding MAS' Central and Eastern European like-for-like (LFL) footfall and tenants' sales (compared to the same period of the previous financial year), and collection rates for the six months to 30 June 2023, is detailed in Table 1. Figures in respect of January to March 2023 benefit from, and reflect, a lower comparative base as social distancing restrictions were in place up to March 2022. All figures were reported on 31 August 2023.

Table 1

		Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Total
Footfall (2023 compared to 2022)	%	139	134	118	110	109	110	118
Open-air malls	%	138	133	121	112	111	112	119
Enclosed malls	%	141	136	113	107	106	107	116
Tenants' sales per m² (2023 compared to 2022)	%	129	125	115	108	107	111	114
Open-air malls	%	123	121	115	109	109	109	114
Enclosed malls	%	143	134	113	106	103	113	116
Collection rate	%	100	100	100	100	99	99	100

Overall LFL footfall for the six months to 30 June 2023 was 9% above the same period in 2019, and tenants' turnovers per m² significantly exceeded pre-pandemic levels by 28%, both in enclosed malls (29% increase) and in open-air malls (27% increase).

Footfall performance was admirable for the six months to 30 June 2023, increasing 18% compared to the same period in the previous year. This strong improvement in footfall confirms the continued robust demand for the Group's retail offering.

Overall, LFL tenants' sales outperformed levels achieved in the six-month period to 30 June 2022 by 14% in open-air malls and 16% in enclosed malls. Most tenant categories delivered impressive sales results, in line with the growth trend. Leisure, entertainment, services, and specialist tenants' sales, which had a slower recovery to pre-pandemic levels, have surpassed the overall growth trends during the six months to 30 June 2023. Food services, health and beauty, complements, home appliances and groceries categories have continued to outperform. Toys and DIYs, categories that previously significantly outperformed pre-pandemic sales levels, underperformed during the six months to 30 June 2023.

Passing NRI on a LFL basis increased by 6.4% compared to 31 December 2022 and by 12.4% compared to 30 June 2022. The increase is attributable both to higher rent indexation due to Euro inflation and to increased rental from overage because of excellent tenant sales' performance. MAS' properties benefit from Euro-based, triple-net, leases, with full Euro indexation to base (minimum) rents and turnover clauses. MAS fully passes on indexation to tenants, which have comfortably absorbed the higher rents, while occupancy cost ratios (OCR) have remained healthy due to the continued strong tenants' sales.

OCRs (excluding certain tenant categories: supermarkets, DIYs, entertainment, and services) to 30 June 2023 were stable at 10.7% (10.6% on 31 December 2022). This was achieved despite higher absolute occupancy costs brought about by increased service charges and rent indexation of 9.5% applied since January 2023. Stable OCRs highlight tenants' excellent sales performance. Consequently, collection rates were exceptional at over 99.6% for the entire six-month period.

In addition, occupancy of Central and Eastern European assets increased to 97.3% on 30 June 2023 (96.3% on 31 December 2022), and leasing efforts focused on sustainably achieving MAS' long-term strategic asset management target of 99% occupancy are ongoing.

At Flensburg Galerie (Germany), asset management initiatives to prepare the asset for disposal have been substantially completed and resulted in a significant increase in retail occupancy to 91.9% (from 81.7% on 30 June 2021, when the initiatives commenced). The property's occupancy on 30 June 2023, including office GLA, stood at 86.0%. Passing NRI increased by 23.5%, to €2.9million since 30 June 2021. The property's overall appeal in its catchment area increased, as evidenced by footfall levels for the six months to 30 June 2023 increasing by 11%, and tenants' sales increasing by 17% compared to the same period in 2022.

Residential operations reflected a €0.5million loss for the six months to 30 June 2023, included in MAS' adjusted distributable earnings, being its proportion of net results attributable to DJV's residential business. Of this, €0.5million represents residential profits achieved mainly through sales of Marmura Residence units during the period, offset by €1million in selling and administrative costs related to all residential projects and net realisable value adjustments on completed residential units at Marmura Residence. Profits on sales of residential units also include the first Avalon Estate units delivered prior to 30 June 2023. In respect of the latter, delays in the administrative process of completing residential sales have resulted in only 11% of units sold to 30 June 2023 being handed over to clients by the same date. The net margin on the remaining units sold at Avalon Estate, previously scheduled for completion by June 2023 is expected to be recognised in the following six-month period.

Debt, cost of debt and liquidity

On 30 June 2023, MAS had €111.9million in cash, listed securities, and undrawn credit facilities (figures not proportionally consolidated). On the same date, the Group's outstanding debt amounted to €452.7million on a proportionate consolidation basis. This comprised of €290.9million in unsecured bonds, €5million in drawn unsecured revolving credit facility, and €156.8million in secured bank loans on the Group's properties in CEE and WE.

Group's LTV ratio on 30 June 2023 was 28.1% on a proportionate consolidation basis and 28.8% on an IFRS consolidation basis. The weighted average cost of debt was 4.42% per annum for the financial year ended 30 June 2023 (on an IFRS consolidation basis).

Covenant ratios on the Group's bond and unsecured revolving credit facility demonstrated comfortable headroom compared to covenant tolerances, on both IFRS and proportionate consolidation bases, as illustrated in Table 2 below.

Table 2

	Tolerance	Actual IFRS	Actual proportionate consolidation basis
Solvency ratio	Shall not exceed 0.6	0.31	0.30
Consolidated coverage ratio	At least 2.5:1	4.25	4.93
Unencumbered consolidated total assets/unsecured consolidated total debt	Minimum 180%	360%	369%

Funding commitments to the DJV

By 30 June 2023, MAS has invested a total of €319.9million in preferred equity and revolving credit facility and had ongoing undrawn commitments to the DJV of €180.1million, of which €19.5million in undrawn revolving credit facility (figures not proportionally consolidated).

Property valuations

The income property fair value uplift of €14.2million reflects positive fair value adjustments to income property in CEE of €15.5million (an improvement of 1.5% compared to the valuations on 31 December 2022 and 4.6% compared to 30 June 2022) and a decrease of €1.3million in WE (a decrease of 1.4% compared to 31 December 2022, mainly driven by an increase in the valuation discount rate used for Flensburg Galerie).

Valuations of MAS' (and the DJV's) properties are determined biannually by external, independent professional valuers, with appropriate, recognised qualifications and recent experience in the relevant location and category of property. Valuations are primarily based on discounted forecast cash flows and are therefore forward-looking.

Income property fair value gains were a result of passing NRI increases on a LFL basis of 6.4% since December 2022 (12.4% since June 2022) driven by strong operational performance, partially offset by the impact of an increase in discount rates applied. The weighted average unlevered discount rate for income property valuations in CEE slightly increased to 9.94% from 9.91% compared to valuations for the six months to 31 December 2022 (and from 9.71% on 30 June 2022).

Asset sales in WE

MAS' remaining Western European assets held for sale are Flensburg Galerie (Germany) and Arches street retail units (UK). These assets had a combined fair value of €58.8million with €33.5million secured bank debt outstanding on 30 June 2023. A promising sales process for Flensburg Galerie was ongoing, in parallel with a debt refinancing process for the bank loan secured on the property, maturing in November 2023. The sales transaction was recently aborted, as the potential buyer did not secure appropriate funding to complete the transaction. Management continues the process of securing debt to refinance (or extend) the property's existing debt.

The competitive sales process for the Arches street retail units is continuing, and the asset is expected to be disposed of in the six months to December 2023.

Valuations of income properties held for sale in WE on 30 June 2023 have further decreased. Management's estimate of expected realisation costs and potential losses on disposal of €19.9million on 30 June 2023 has not changed significantly compared to €21.3million on 31 December 2022. The estimate had been re-assessed from €4.2million on 30 June 2022. Management's estimation includes costs likely to crystallise on disposal of the assets in WE, including early bank debt repayment penalties, relevant advisory and agency fees, and other related costs and losses.

Listed securities

On 30 June 2023, MAS held shares in NEPI Rockcastle N.V. (NRP), to the value of €36.5million. During the six months to 30 June 2023, the Group disposed of 10,953,418 shares, at a realised gain of €0.9million compared to the weighted average acquisition price, and €0.4million realised loss compared to fair values on 31 December 2022.

Total adjusted returns from this investment during the six months to 30 June 2023 were €0.7million, of which €2.9million were accrued dividend returns for the period and €2.2million unrealised fair value losses. After financial year end, the remaining investment was fully disposed of, at a realised profit of €1.1million (compared to 30 June 2023).

Developments, extensions, and refurbishments in the DJV

The DJV's secured commercial development pipeline on 30 June 2023 is estimated at €889.9million at cost (figure not proportionally consolidated). Progress with commercial and residential developments and changes to secured commercial development pipeline are detailed below.

Completed commercial developments

Slobozia Value Centre extension, adjacent to MAS' directly owned property, was completed, and opened on 31 May 2023. The extension complements the existing centre with 4,300m² additional retail GLA. This represents the third such extension completed during the financial year to 30 June 2023, with Baia Mare and Roman Value Centres' respective extensions completed during the six months to 31 December 2022. The extensions enhance the existing open-air malls' retail offering and safeguard their dominant positions in the relevant catchment areas.

Carolina Mall was completed and opened as planned on 31 August 2023 with 92% of the 29,000m² GLA occupied. The mall is in Alba Iulia, the capital of Romania's Alba County, with a population of approximately 75,000 and approximately 228,000 residents in the mall's catchment area. The city's only modern retail centre, Carolina Mall, introduced remarkable entertainment and leisure facilities, including a 1ha new park built for the local community, as well as a diverse retail offering of high-quality national and international tenants to the region.

Commercial developments

Construction of Arges Mall, the dominant 51,400m² GLA regional enclosed mall continues as scheduled. Works on the bridge access infrastructure is ongoing, and the centre is scheduled to open May 2024. Leasing continues with national and international tenants showing significant interest.

Permitting of Mall Moldova, in Iasi, Romania, enhanced to incorporate a revised layout and reconfigured infrastructure, is in place. The construction, extending and redeveloping Era Shopping Centre (29,600m² GLA) into a super-regional enclosed mall, part of a retail node incorporating approximately 126,300m² of destination GLA, is expected to commence in September 2023. Leasing is progressing well with high demand from national and international tenants.

Construction for the first phase of Silk District office is on track to complete by 30 September 2023, and consents required for permitting of the following two phases, are in place.

Zoning is ongoing for the DJV's commercial projects in Bucharest (28,000m² GLA open-air mall component on 54ha of a former industrial platform, where a mixed-use urban regeneration project is planned), Brasov (24,400m² GLA open-air mall) and Cluj (73,300m² GLA enclosed mall and 49,200m² GLA office components on a 17ha land plot where the DJV plans a large-scale mixed-use urban regeneration project).

Several other retail development opportunities are being pursued, some of which have been secured.

Residential developments

At the Avalon Estate residential project, construction and finishing works on the first buildings were substantially complete on 30 June 2023. To date, 73% of the 352 first phase residential units have been sold and 52% of units sold have been handed over to clients.

Construction and sales of the first two phases of Silk District's residential component (315 units; 82% sold and 346 units; 81% sold, respectively) is progressing well. First phase units' handovers to clients are expected to commence by 31 December 2023 and by 30 June 2024 for the second phase units.

The first phase of Pleiades Residence's construction, comprising 142 units in two of the seven buildings planned for the residential component of the 10.1ha mixed use urban regeneration in downtown Ploiesti, continues as scheduled. Sales are progressing, and 44% of the first phase units have been contracted to date.

Two previously disclosed residential projects in Timisoara, Spumotim Residential (approximately 2,100 apartments) and Elba Residential (approximately 1,400 apartments) are anticipated to be removed from the DJV's residential development pipeline.

Extensions and refurbishments to directly owned assets

The refurbishment of Galleria Burgas progresses as scheduled, and it is expected the planned asset management initiatives for reconfiguring the food court and improving the centre's overall leisure and entertainment facilities will complete by 30 June 2024.

Further updates regarding other extension and refurbishment projects to directly owned assets in CEE, will be provided when appropriate.

Earnings guidance

Diluted adjusted distributable earnings per share for the 2024 financial year is expected to range from 9.81eurocents to 10.65eurocents per share. This guidance is based on the assumptions that MAS implements its current debt management plan as scheduled, no additional material macroeconomic disruption occurs, a stable political environment prevails in the Group's markets, developments are delivered as scheduled, and no major corporate failures occur.

Shareholders should note that the Company's estimates and distributable earnings per share targets are subject to change. Inevitably, some assumptions will not materialise, plans will change, and unanticipated events and circumstances may affect the ultimate financial results. The Company will not hesitate to adopt changes in strategy, or to take action that may impact negatively on distributable income per share, if this is considered appropriate from a long-term, risk-adjusted, total return perspective.

This forecast has not been audited or reviewed by MAS' auditors and is the responsibility of the Board.

Changes to the Board and Company Secretary

MAS is pleased to announce the appointment of Stefan Briffa as Company Secretary, taking over Roxana Bordeanu's company secretarial responsibilities, with effect from 31 August 2023. Stefan has extensive experience in Maltese Company Law and has recently joined the Group's head office in Malta. Stefan has over 27 years' experience in regulatory affairs, compliance, and corporate governance. Prior to joining MAS, he worked as company secretary and head of risk and compliance at major Maltese groups activating in vehicle retail and mobility, telecommunications, and corporate services. Roxana remains a member of senior management and will continue to focus on her responsibilities as part of MAS' Capital Management team, particularly on the implementation of MAS' debt management plan. The Board thanks her for her dedicated service during her tenure as Company Secretary.

Dan Petrisor, originally appointed as Alternate Director on 28 February 2020, and as Executive Director on 30 August 2021, steps down from the Board as Executive Director effective 31 August 2023. He remains a senior executive of the Group and will continue to concentrate on his duties in respect of Capital Management and Investor Relations. The Board expresses their gratitude for Dan's dedicated service during his time on the Board.



Irina Grigore
Chief Executive Officer



Nadine Bird
Chief Financial Officer

31 August 2023
Malta

Released on 4 September 2023

The names of the persons who, at any time during the financial year, were Directors of the Company, are disclosed in note 27. The financial risks and the risk management policies applied by the Group are included in note 26. In respect of the six-month period to 31 December 2022, the Board declared a dividend of 4.36eurocents per share, and the Company paid a cash dividend of 4.36eurocents per share on 3 April 2023. The Company will retain the distributable earnings for the six-month period to 30 June 2023. The Directors propose the remaining retained earnings to be carried forward to the next financial year. Further information regarding segmental reporting prepared on a proportionate consolidated basis, including relevant adjustments such as the estimation for WE disposal realisation costs and losses, is disclosed in note 3 – Segmental analysis.

Statement of Directors' responsibilities

In accordance with the applicable laws and regulations, the Directors are required to prepare financial statements which give a true and fair view of the financial position of the Group for each period end and the financial performance for that period.

In preparing the Directors' commentary and consolidated annual financial statements, the Directors are responsible for:

- ensuring that the financial statements have been prepared in accordance with the International Financial Reporting Standard ('IFRS') issued by the International Accounting Standards Board ('IASB'), SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee in South Africa and Financial Pronouncements as issued by Financial Reporting Standards Council in South Africa and IFRS issued by the EU, and;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances, and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business as a going concern.

The Directors are also responsible for designing, implementing, and maintaining internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

The consolidated annual financial statements have been prepared under the supervision of Nadine Bird and Irina Grigore.

CEO and CFO confirmation


Each of the Directors, whose names are stated below, hereby confirm that:

- (a) the annual financial statements set out on pages 1 to 65, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated annual financial statements, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the audit and risk committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies, and
- (f) we are not aware of any fraud involving directors.

The consolidated annual financial statements on pages i to 65 were approved and authorised for issue by the Board of Directors on 31 August 2023 and signed on its behalf by:



Nadine Bird
Chief Financial Officer



Irina Grigore
Chief Executive Officer

31 August 2023
Ta' Xbiex
Malta



Independent auditor's report

To the Shareholders of MAS P.L.C.

Report on the audit of the consolidated annual financial statements

Our opinion

In our opinion:

- The Consolidated annual financial statements (the “financial statements”) of MAS P.L.C. give a true and fair view of the Consolidated annual financial position as at 30 June 2023, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and IFRSs as issued by the International Accounting Standards Board; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

MAS P.L.C.'s financial statements comprise:

- the Consolidated statement of profit or loss for the year ended 30 June 2023;
- the Consolidated statement of other comprehensive income for the year then ended;
- the Consolidated statement of financial position as at 30 June 2023;
- the Consolidated statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended; and
- the notes to the Consolidated annual financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

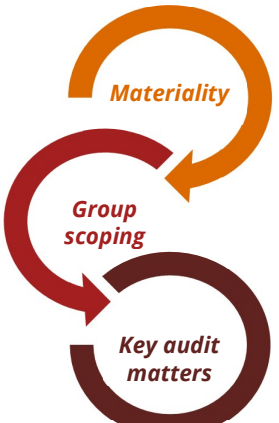
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Our audit approach

Overview

	<ul style="list-style-type: none"> Overall group materiality: €14,800,000, which represents approximately 1% of the Group's total assets.
	<ul style="list-style-type: none"> We conducted a full scope audit of the most significant components and performed specified audit procedures on certain account balances of other components.
	<ul style="list-style-type: none"> The Group engagement team performed oversight procedures on the work of the component teams for all significant locations.
	<ul style="list-style-type: none"> Valuation of investment property, investment property held for sale and the equity-accounted investee.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Overall group materiality	€14,800,000
How we determined it	Approximately 1% of the Group's total assets
Rationale for the materiality benchmark applied	<p>We chose consolidated total assets as the benchmark as, in our view, this is the main benchmark against which users of the financial statements most frequently measure the Group's performance.</p> <p>We chose 1% based on our professional judgement, noting that it is also within the range of quantitative materiality thresholds that we consider acceptable.</p>

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €700,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Key audit matter

How our audit addressed the Key audit matter

Valuation of investment property, investment property held for sale and the equity-accounted investee

Refer to the following accounting policies and notes to the financial statements for details:

- Note 5.2 'Investment property held for sale',
- Note 13 'Investment property',
- Note 14 'Investment in equity-accounted investee' and
- Note 25 'Critical accounting estimates, judgements and errors'.

The Group's investment property includes retail properties in Central and Eastern Europe and Retail properties in Western Europe. The fair value of investment property held for sale is €58,848 thousand, the fair value of the investment property is €901,472 thousand and the fair value of the investment in equity-accounted investee is €25,412 thousand. A significant portion of the share of profit from equity-accounted investee, net of tax, underlying the investment in the equity-accounted investee, comprises fair value adjustments for investment properties.

On a biannual basis, management assesses the fair value of its property portfolio based on external valuations prepared by independent property valuers using various valuation models as further explained in Note 13.

The valuation of the Group's investment property was identified as a key audit matter given that the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property.

Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for strong market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we involved our internal valuation experts with relevant qualifications to assist us in this area.

We assessed the independent property valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of the valuers was compromised.

We read the valuation reports for a sample of the properties and confirmed that the valuation approach for each property selected was in accordance with RICS (Royal Institute of Chartered Surveyors) standards or equivalent and suitable for use in determining the carrying value for the purpose of the financial statements in accordance with IFRSs.

We held meetings with management and the valuers, as appropriate, where the valuations and the key assumptions and rationale therein were discussed and challenged, focusing on the largest properties in the portfolio, significant valuation movements and where the valuation basis has changed in the year.

Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Key audit matter	How our audit addressed the Key audit matter
The significance of accounting estimates and judgements involved warrants specific audit focus, coupled with the fact that only small differences in individual property valuations when aggregated could result in a material misstatement.	<p>We obtained details of material properties held by the Group on a sample basis and set an expected range for yield determined by reference to published benchmarks and using our experience and knowledge of the market. We compared investment yields used by the valuers with the range of expected yields and the year on year movement to our expected range.</p> <p>We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as estimated rental value. We developed multiple sensitivity analyses on these inputs that were assessed as significant and tested the impact.</p> <p>Where assumptions were outside the expected range or otherwise appeared unusual, and/or valuations showed unexpected movements, we undertook further investigations, and when necessary, held further discussions with management and the valuers and obtained evidence to support explanations received. The valuation commentaries provided by the valuers and other supporting evidence enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate.</p> <p>We performed testing on the standing data the Group provided to the valuers for use in the performance of the valuation on a sample basis, to satisfy ourselves of the accuracy of the property information supplied by management. For land assets (land plots held for future development) we developed an independent expected valuation and assessed the reasonableness of the assumptions and adjustments used by the external valuer and concluded that the market value is reasonably estimated.</p> <p>The above procedures were also performed, on a sample basis, on investment property held by the equity-accounted investee.</p>



Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Key audit matter	How our audit addressed the Key audit matter
	<p>Based on the work performed we found that the assumptions used in the valuations were supported by the evidence obtained.</p> <p>We also considered the adequacy of the disclosures made in Note 5.2 'Investment property held for sale', Note 13 'Investment property', Note 14 'Investment in equity-accounted investee' and Note 25 'Critical accounting estimates, judgements and errors' to the consolidated annual financial statements and consider these to be adequate.</p>

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises a number of holding companies and other investment property owning subsidiaries. It also holds an investment in an equity-accounted investee. The consolidated financial statements are a consolidation of all of these components.

We performed full scope audits for financially significant components, and in addition, we performed a combination of audits of certain account balances or analytical review procedures over the remaining components. This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed to form our opinion on the consolidated annual financial statements as a whole.

In establishing the overall audit approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, and by component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Other information

The directors are responsible for the other information. The other information comprises the Director's commentary and the Statement of directors' responsibilities (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and other information to be included in the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance in accordance with International Standards on Auditing.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and IFRSs as issued by the IASB and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The *Directors' Commentary and Consolidated annual financial statements 2023* contain other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the *Directors' Commentary and Consolidated annual financial statements for the year to 30 June 2023*, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Area of the Directors' Commentary and Consolidated annual financial statements 2023 and the related Directors' responsibilities	Our responsibilities	Our Reporting
<p>Directors' commentary and Statement of Directors' responsibilities</p> <p>The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>

Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Area of the Directors' Commentary and Consolidated annual financial statements 2023 and the related Directors' responsibilities	Our responsibilities	Our reporting
	<p>Other matters on which we are required to report by exception</p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none">• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.• the financial statements are not in agreement with the accounting records and returns.• we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	<p>We have nothing to report to you in respect of these responsibilities.</p>



Independent auditor's report - continued

To the Shareholders of MAS P.L.C.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

A handwritten signature in black ink, appearing to read 'Cardona', written in a cursive style.

Christopher Cardona
Principal

For and on behalf of

PricewaterhouseCoopers

78, Mill Street

Zone 5, Central Business District

Qormi

Malta

1 September 2023

MAS P.L.C.
Consolidated annual financial statements for the year to 30 June 2023
Consolidated statement of profit or loss

	Note	Year to 30 June 2023	Year to 30 June 2022
<i>Continuing operations</i>			
Rental income	6.1	62,836	36,344
Service charge income and other recoveries	6.2	20,203	11,575
Gross revenue		83,039	47,919
Impairment of receivables	6	(127)	(338)
Service charge and other property operating expenses	6.2	(22,756)	(13,478)
Net rental income	6	60,156	34,103
Corporate expenses	7	(6,740)	(6,564)
Other income	8	10,097	5,006
Investment expenses	9	(931)	(1,858)
Fair value adjustments	10	44,636	61,223
Foreign currency exchange differences		(2,208)	(770)
Share of profit from equity-accounted investee, net of tax	14	4,315	40,901
Impairment of share-based payment prepayments	21.2	(9,624)	-
Profit before finance income/(costs)		99,701	132,041
Finance income	11	20,628	21,733
Finance costs	11	(19,071)	(15,256)
Profit before tax		101,258	138,518
Current tax		(4,165)	(872)
Deferred tax		(6,379)	(6,832)
Taxation	12	(10,544)	(7,704)
Profit from continuing operations		90,714	130,814
<i>Discontinued operations</i>			
Profit from discontinued operations, net of tax	5.1	118	10,357
Profit for the year		90,832	141,171
<i>Attributable to:</i>			
Owners of the Group		90,832	141,171
Profit for the year		90,832	141,171
IFRS Earnings per share for profit attributable to the ordinary equity holders of the Group - total	21.3		
IFRS Basic earnings per share (eurocents)		13.20	20.07
IFRS Diluted earnings per share (eurocents)^		13.04	19.88
IFRS Earnings per share for profit attributable to the ordinary equity holders of the Group - continuing operations	21.3		
IFRS Basic earnings per share (eurocents)		13.19	18.60
IFRS Diluted earnings per share (eurocents)^		13.02	18.41

^See note 25 for details of restated IFRS Diluted earnings per share (eurocents) for the financial year to 30 June 2022.

The notes on pages 6 to 65 form part of these consolidated annual financial statements.

All amounts in € thousand unless otherwise stated.

MAS P.L.C.**Consolidated annual financial statements for the year to 30 June 2023****Consolidated statement of other comprehensive income**

	Note	Year to 30 June 2023	Year to 30 June 2022
Profit for the year - continuing operations		90,714	130,814
Profit for the year - discontinued operations		118	10,357
Profit for the year		90,832	141,171
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations - continuing operations		3,406	443
Exchange differences on translation of foreign operations - discontinued operations	5.2	178	(2,928)
<i>Items reclassified through profit or loss</i>			
Foreign exchange gain previously recognised in other comprehensive income recycled on disposal of subsidiary - discontinued operations	5.2	-	2,625
Foreign exchange loss previously recognised in other comprehensive income recycled on liquidation of subsidiaries - continuing operations		(1,871)	-
Total comprehensive income for the year		92,545	141,311
<i>Attributable to:</i>			
Owners of the Group		92,545	141,311
Total comprehensive income for the year		92,545	141,311

The notes on pages 6 to 65 form part of these consolidated annual financial statements.

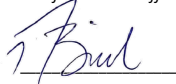
All amounts in € thousand unless otherwise stated.

MAS P.L.C.**Consolidated annual financial statements for the year to 30 June 2023****Consolidated statement of financial position**

	Note	On 30 June 2023	On 30 June 2022
<i>Non-current assets</i>			
Investment property	13.1	901,472	860,498
Financial assets	18.4	338,949	236,067
Investment in equity-accounted investee	14	25,412	25,202
Other non-current assets	16	10,542	13,934
Deferred tax assets	12	2,389	3,801
Intangible assets	15	1,696	1,696
Total non-current assets		1,280,460	1,141,198
<i>Current assets</i>			
Financial investments	18.1	36,504	97,655
Trade and other receivables	18.2	37,852	38,062
Cash and cash equivalents	18.3	60,361	174,176
Investment property held for sale	5.2	58,848	78,509
Total current assets		193,565	388,402
Total assets		1,474,025	1,529,600
<i>Equity</i>			
Share capital and share premium	21.1	654,643	653,122
Share capital		7,161	7,146
Share premium		647,482	645,976
Treasury shares	21.1	(31,184)	(29,663)
Retained earnings		349,522	314,961
Share-based payment reserve	21.2	1,602	1,370
Foreign currency translation reserve		(9,927)	(11,640)
Equity attributable to owners of the Group		964,656	928,150
<i>Non-current liabilities</i>			
Bonds	19.1	290,752	295,904
Bank loans	19.1	108,629	117,144
Deferred tax liabilities	12	35,753	30,623
Other non-current liabilities	17	6,716	7,155
Total non-current liabilities		441,850	450,826
<i>Current liabilities</i>			
Bonds	19.1	84	115
Bank loans	19.1	45,100	40,546
Trade and other payables	19.2	22,335	109,963
Total current liabilities		67,519	150,624
Total liabilities		509,369	601,450
Total shareholder equity and liabilities		1,474,025	1,529,600

These consolidated annual financial statements were approved and authorised for issue by the Board of Directors on 31 August 2023 and signed on their behalf by:

Nadine Bird
Chief Financial Officer



Irina Grigore
Chief Executive Officer



The notes on pages 6 to 65 form part of these consolidated annual financial statements.

All amounts in € thousand unless otherwise stated.

MAS P.L.C.
Consolidated annual financial statements for the year to 30 June 2023
Consolidated statement of changes in equity

	Note	Share capital	Share premium	Treasury shares	Retained earnings	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the Group
Balance on 30 June 2021		-	649,529	(5,980)	236,421	1,233	(11,780)	869,423
<i>Comprehensive income for the year</i>								
Profit for the year		-	-	-	141,171	-	-	141,171
Other comprehensive income for the year		-	-	-	-	-	140	140
Total comprehensive income for the year		-	-	-	141,171	-	140	141,311
Nominal value of shares assignment on Company's continuation	21.1	7,131	(7,131)	-	-	-	-	-
<i>Equity transactions</i>								
Employee share schemes – value of employee services	21.2	-	-	-	-	137	-	137
Employee share schemes – net value of shares forfeited and brought back in the scheme	21.1	-	(171)	171	-	-	-	-
Total equity transactions		-	(171)	171	-	137	-	137
<i>Transactions with the owners of the Group</i>								
Issue of shares	21.1	15	3,749	(3,764)	-	-	-	-
Distributions	21.1	-	-	-	(62,631)	-	-	(62,631)
Shares repurchases (not cancelled)	21.1	-	-	(20,090)	-	-	-	(20,090)
Total transactions with the owners of the Group		15	3,749	(23,854)	(62,631)	-	-	(82,721)
Balance on 30 June 2022		7,146	645,976	(29,663)	314,961	1,370	(11,640)	928,150
<i>Comprehensive income for the year</i>								
Profit for the year		-	-	-	90,832	-	-	90,832
Other comprehensive income for the year		-	-	-	-	-	1,713	1,713
Total comprehensive income for the year		-	-	-	90,832	-	1,713	92,545
<i>Equity transactions</i>								
Employee share schemes – value of employee services	21.2	-	-	-	-	232	-	232
Total equity transactions		-	-	-	-	232	-	232
<i>Transactions with the owners of the Group</i>								
Issue of shares	21.1	15	1,506	(1,521)	-	-	-	-
Distributions	21.1	-	-	-	(56,271)	-	-	(56,271)
Total transactions with the owners of the Group		15	1,506	(1,521)	(56,271)	-	-	(56,271)
Balance on 30 June 2023		7,161	647,482	(31,184)	349,522	1,602	(9,927)	964,656

The notes on pages 6 to 65 form part of these consolidated annual financial statements.

All amounts in € thousand unless otherwise stated.

MAS P.L.C.**Consolidated annual financial statements for the year to 30 June 2023****Consolidated statement of cash flows**

	Note	Year to 30 June 2023	Year to 30 June 2022
<i>Operating activities</i>			
Cash generated from operating activities	18.3	74,220	46,145
Income received on PKM Development preferred equity	18.4	-	19,318
Interest received on PKM Development revolving credit facility	18.4	1,106	-
Income taxes paid	12	(3,083)	(858)
(Payments)/Reimbursements of federal tax	12	(1,168)	1,152
Distribution paid to geared share purchase plan participants	21.2	(431)	(422)
Net cash inflow from operating activities		70,644	65,335
<i>Investing activities</i>			
Capitalised expenditure on investment property paid	13.1	(7,804)	(6,468)
Capitalised expenditure on investment property held for sale paid	5.2	(1,486)	(2,172)
Proceeds from sale of investment property held for sale	5.2	11,420	53,799
Proceeds from sale of subsidiary, net of cash disposed of	5.2	-	43,207
Subscription for PKM Development preferred equity	18.4	(36,573)	(49,700)
Drawdowns of PKM Development revolving credit facility	18.4	(52,374)	-
Proceeds from PKM Development revolving credit facility	18.4	9,528	-
Settlement of Spark II Portfolio acquisition	4	(89,764)	-
Acquisition of financial investments	18.1	-	(78,305)
Proceeds from disposal of financial investments	18.1	69,701	-
Investment expenses paid		(1,876)	(2,965)
Interest paid on bank deposits	11	(88)	(892)
Tax paid on investing activities		(497)	(1,696)
Net cash outflow from investing activities		(99,813)	(45,192)
<i>Financing activities</i>			
Consideration for shares repurchases paid	21.1	-	(19,990)
Acquisition costs for shares repurchases	21.1	-	(100)
Consideration for bond repurchases paid	19.1	(5,251)	-
Bond coupon paid	19.1	(12,575)	(12,750)
Transaction costs relating to bonds paid	19.1	-	(42)
Repayment of capital on bank loans	19.1	(9,441)	(34,001)
Debt break fees paid on repayment of bank loans	19.1	-	(961)
Transaction costs relating to bank loans paid	19.1	(177)	(131)
Interest paid on bank loans	19.1	(5,887)	(1,658)
Drawdown of bank revolving credit facility	19.1	5,000	-
Distributions paid	21.1	(56,271)	(62,631)
Net cash outflow from financing activities		(84,602)	(132,264)
Net decrease in cash and cash equivalents		(113,771)	(112,121)
Cash and cash equivalents at the beginning of the year	18.3	174,176	287,077
Effect of movements in foreign exchange rate fluctuations on cash held		(44)	(780)
Cash and cash equivalents at the end of the year	18.3	60,361	174,176

The cash flows above relate to continuing and discontinued operations. See note 5.3 for cash flow summary on discontinued operations.

MAS P.L.C.

Consolidated annual financial statements for the year to 30 June 2023

Notes to the consolidated financial statements

Corporate information

MAS P.L.C. (the 'Company' or 'MAS') is domiciled in Malta and subject to the Maltese Companies Act 1995. The address of its registered office is Suite 11, Marina Business Centre, Abate Rigord Street, Ta' Xbiex, XBX1129, Malta.

These consolidated annual financial statements in respect of the year to 30 June 2023 comprise the Company and its subsidiaries (together referred to as the 'Group') and are available for inspection at the registered office of the Company and on the corporate website.

Additionally, the Company issues separate financial statements in respect of the year to 30 June 2023 which are available for inspection at the registered office of the Company and on the corporate website.

Comparative figures are included for the financial year to 30 June 2022.

All amounts disclosed have been rounded to the nearest thousand euro ('€ thousand'), unless otherwise stated.

Group subsidiaries

The Group's subsidiaries on 30 June 2023 and 30 June 2022 are set out below. Unless otherwise stated, subsidiaries' share capital consists 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	Jurisdiction	Ownership interest held by the Group
Atrium Mall SRL	Romania	100%
Baia Mare Value Centre SRL	Romania	100%
Barlad Value Centre SRL (name changed from PK Vanilla SRL on 1 July 2022) ¹	Romania	100%
Braehead Properties Limited (dissolved on 14 August 2023)	Isle of Man	100%
Brandenburg Retail Capital Sarl	Luxembourg	100%
Braunschweig Limited	Isle of Man	100%
Chippenham Properties Limited	Isle of Man	100%
Dambovită Mall SRL (name changed from PK Grizzly SRL on 1 July 2022) ¹	Romania	100%
DN1 Value Centre SRL (name changed from PK Development One SRL on 1 July 2022) ¹	Romania	100%
Flensburg Limited	Isle of Man	100%
Galleria Burgas ead	Bulgaria	100%
Galleria Stara Zagora ead	Bulgaria	100%
Impromptu Capital Sarl	Luxembourg	100%
Incantada Capital Sarl	Luxembourg	100%
Innova Capital Sarl	Luxembourg	100%
Instrumento Capital Sarl	Luxembourg	100%
Interlude Capital Sarl	Luxembourg	100%
Intermezzo Capital Sarl	Luxembourg	100%
Intonata Capital Sarl	Luxembourg	100%
Istempo Capital Sarl	Luxembourg	100%
Langley Properties Limited	Isle of Man	100%
Leipzig Retail Capital Sarl	Luxembourg	100%
Magdebourg Retail Capital Sarl	Luxembourg	100%
MAS (European) Holdings Limited	Isle of Man	100%
MAS (IOM) Holdings Limited	Isle of Man	100%
MAS CEE Developments Ltd (redomiciled to Malta on 14 December 2022)	Malta	100%
MAS CEE Holdings Ltd	Malta	100%
MAS CEE Investments Limited (dissolved on 23 February 2023)	British Virgin Islands	100%
MAS Ginger SRL	Romania	100%
MAS Jupiter SRL (name changed from PKM Jupiter SRL on 12 January 2023)	Romania	100%
MAS One PCC Limited	Isle of Man	100%
MAS Pearl SA	Romania	100%
MAS Property Advisors Limited (dissolved on 19 December 2022)	Isle of Man	100%
MAS Property Holding SRL (name changed from MAS CEE Management Holding SRL on 11 August 2023)	Romania	100%
MAS Property Management Bulgaria eood (name changed from PK Property Management (Bulgaria) eood on 19 January 2023)	Bulgaria	100%
MAS Property Management GmbH	Germany	100%
MAS Property Management Poland sp zoo (name changed from PK Property Management (Poland) sp zoo on 19 January 2023)	Poland	100%
MAS RE Malta Holding Ltd (name changed from MAS (BVI) Holdings Limited on redomiciliation to Malta on 1 August 2022)	Malta	100%
MAS Real Estate Finance SRL (merged with MAS Property Holding SRL on 11 August 2023)	Romania	100%
MAS Saturn SRL (name changed from PKM Saturn SRL on 12 January 2023)	Romania	100%
MAS Securities BV	Netherlands	100%
MAS Three Limited	Isle of Man	100%
MAS Two PCC Limited (dissolved on 19 December 2022)	Isle of Man	100%
MAS Velvet SRL	Romania	100%
MAS WE Holdings Ltd	Malta	100%

MAS P.L.C.**Consolidated annual financial statements for the year to 30 June 2023**

Entity name	Jurisdiction	Ownership interest held by the Group
Militari Shopping Centre SRL	Romania	100%
New Uberior House Limited (disposed of on 26 August 2021)	Jersey	100%
New Waverley 10 Limited	Isle of Man	100%
New Waverley 12 Limited	Isle of Man	100%
New Waverley 14 Limited	Isle of Man	100%
New Waverley 20 Limited	United Kingdom	100%
North Street Quarter Limited	Isle of Man	100%
Nova Park sp zoo	Poland	100%
Petrusse Capital Sarl	Luxembourg	100%
PK Red SRL	Romania	100%
PKM CEE Investments Ltd (dissolved on 28 November 2022)	Isle of Man	100%
PKM Investments (Netherlands) BV (merged with MAS CEE Holdings Ltd on 27 January 2023)	Netherlands	100%
PKM Investments Finance Ltd (dissolved on 21 November 2022)	Isle of Man	100%
Prahova Value Centre SRL (name changed from PK Green SRL on 1 July 2022) ¹	Romania	100%
Prime Kapital CEE Property Investments Management Ltd (dissolved on 13 January 2023)	British Virgin Islands	100%
Rhea Mezzi Limited	Isle of Man	100%
Roman Value Centre SRL	Romania	100%
Sepsi Value Centre SRL (name changed from PK Bronze SRL on 1 July 2022) ¹	Romania	100%
Zalau Value Centre SRL (name changed from PK Denim SRL on 1 July 2022) ¹	Romania	100%

¹ Effective 30 June 2022, MAS acquired 100% of the share capital of DN1 Value Centre SRL (formerly PK Development One SRL), Prahova Value Centre SRL (formerly PK Green SRL), Sepsi Value Centre SRL (formerly PK Bronze SRL), Dambovită Mall SRL (formerly PK Grizzly SRL), Zalau Value Centre SRL (formerly PK Denim SRL) and Barlad Value Centre SRL (formerly PK Vanilla SRL) through its subsidiary, namely MAS CEE Management Holdings SRL, as described in note 4.

Auditors

At the annual general meeting held on 5 December 2022, PricewaterhouseCoopers (Malta) was reappointed as the Group and Company's external auditor.

Contents of the notes

Information about the business

- Note 1. Significant events in the current year
- Note 2. Going concern
- Note 3. Segmental analysis – proportionate accounts
- Note 4. Material prior year transactions
- Note 5. Investment property held for sale and discontinued operations
 - 5.1. Profit from discontinued operations, net of tax
 - 5.2. Investment property held for sale
 - 5.3. Cash flows from discontinued operations

Information about individual line items within the Group's consolidated annual financial statements

- Note 6. Net rental income
 - 6.1. Rental income
 - 6.2. Service charge
- Note 7. Corporate expenses
- Note 8. Other income
- Note 9. Investment expenses
- Note 10. Fair value adjustments
- Note 11. Finance income and finance costs
- Note 12. Taxation
- Note 13. Investment property
 - 13.1. Investment property
 - 13.2. Valuation sensitivity analysis
- Note 14. Investment in equity-accounted investee
- Note 15. Intangible assets
- Note 16. Other non-current assets
- Note 17. Other non-current liabilities
- Note 18. Financial assets
 - 18.1. Financial investments
 - 18.2. Trade and other receivables
 - 18.3. Cash and cash equivalents
 - 18.4. Financial assets – PKM Development preferred equity and revolving credit facility
- Note 19. Financial liabilities
 - 19.1. Bonds and bank loans
 - 19.2. Trade and other payables
- Note 20. Classification, valuation and offsetting of financial assets and financial liabilities
- Note 21. Equity
 - 21.1. Share capital, share premium and treasury shares
 - 21.2. Share-based payment arrangements
 - 21.3. Earnings per share

Information about other items

- Note 22. Contingent assets and contingent liabilities
- Note 23. Commitments
- Note 24. Events after the reporting date

Information about risk

- Note 25. Critical accounting estimates, judgements and errors
- Note 26. Financial risk management

Further information

- Note 27. Related parties
- Note 28. Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts
- Note 29. Summary of general accounting policies

Consolidated annual financial statements for the year to 30 June 2023

1. Significant events in the current year

The financial position and performance of the Group was influenced by the following events and transactions during the reporting period:

- Disposal of Langley Park investment property held for sale, in accordance with the Group's disposal strategy; see further information in note 5.2.
- Disposal of listed real estate equity securities; see further information in note 18.1.

Material transactions in prior periods presented are disclosed in note 4.

2. Going concern

The management has, at the time of approving these consolidated annual financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the management continues to apply the going concern basis of accounting in preparing the consolidated annual financial statements.

3. Segmental analysis – proportionate accounts

Segmental analysis

Segment results used by senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's reportable segments are designed so that management can optimally analyse assets and their performance on a regional level, consistent with the Group's strategy to focus on CEE markets. The Group prepares proportionate accounts for the use of investors, analysts, rating agencies and any other interested parties for the purpose of providing a transparent view of how management considers the Group's operational performance and determines its financial position. A segment's performance is measured with two indicators, tangible net asset value per segment and adjusted distributable earnings per segment, with each segment described in the table below.

The Group has a significant investment in the DJV following the agreement with Prime Kapital Holdings Limited ('Prime Kapital', 'PK'). Presentation of financial information by using the proportionate consolidation method enhances clarity to interested parties in respect of the Group's operations.

Reportable segment	Description
CEE direct assets (CEE)	Income properties located in CEE fully owned and managed by the Group.
CEE development joint venture (DJV)	Income and development properties located in CEE operated by the Group and indirectly owned through the DJV with Prime Kapital. 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 preferred equity and the revolving credit facility made available (40% of the redemption value, income related to preferred equity and revolving credit facility is eliminated on proportionate consolidation).
WE direct assets (WE)	Income properties held for sale located in WE (Germany, UK) fully owned and managed by the Group. The fair value of these assets was tested by independent valuers in terms of IAS 40, as the measurement requirements of IFRS 5 do not apply to investment properties held for sale. The fair value of these two assets is disclosed in the Western European segment as income property. Management also includes an estimation for WE disposal realisation costs and losses in this segment.
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 operational performance and financial position of the Group by aggregating the Group's operations into the four reportable segments described above. These reportable segments have different risk profiles and generate revenue/income from different sources. Accordingly, it allows senior management to make well informed strategic decisions for the Group.

Proportionate accounts - basis for preparation

The Group's management accounts are 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 best practice recommendations by industry institutions (EPRA, SA REIT). The main changes in presentation of financial information in accordance with IFRS as compared to Segmental analysis are disclosed below.

Presentation	IFRS	Segmental analysis – proportionate accounts
Joint ventures and non-controlling interests	Equity accounting	Proportionate accounting to reflect the Group's 40% equity interest in the DJV
Statement of profit or loss	Aggregation based on function (presented as continuing and discontinued operations in accordance with IFRS 5)	Aggregation based on nature
Investment property 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)	Limited aggregation
Statement of financial position – classification by current/non-current	Yes	No
Statement of financial position – equity	Classification by type	Total equity amount

Consolidated annual financial statements for the year to 30 June 2023

Presentation of the consolidated statement of profit or loss for the purpose of proportionate accounts reflects operational performance per segment, categorised as distributable earnings and non-distributable earnings. Management monitors earnings generated by each area of the business and its impact on the total adjusted earnings for each segment.

- Net income – residential property includes proceeds from sale of residential units during the reporting period, less expenses which are directly attributable to the delivered units (Cost of Sales) or attributable to each residential project as a whole (e.g. operational, selling and administrative expenses and net realisable value adjustments).
- Expenses incurred by corporate entities servicing multiple WE subsidiaries, mainly relating to fees attributable to disposal of the WE assets have been reclassified from Co segment to WE segment.
- Net dividends – listed securities have been adjusted to include withholding taxes reclassified from income tax.
- Share-based payments expense has been adjusted with impairment of share-based payment prepayments.
- Other non-distributable income/(cost) has been adjusted with the gain on bonds repurchases net of tax.

Presentation of the consolidated statement of financial position is disaggregated in a similar manner, to identify the assets and liabilities generating the corresponding earnings for each segment of the business. As such, for a more comprehensive review process as monitored by management, the following line items have been presented differently as compared to IFRS to clearly show elements included in each category.

- Investment property, investment property held for sale and inventory property have been disaggregated to show Income property, Developments – income property and Developments – residential property.
- Financial assets and investments have been disaggregated to show preferred equity and revolving credit facility, Listed securities gross exposure (including DJV's Listed securities at cost), Interest rate derivative financial assets and Other assets.
- Trade and other receivables have been split in VAT receivable, Share-based payment prepayments and Trade and other receivables.

Segment adjusted proportionate accounts

In addition to segmental proportionate accounts, the presentation includes a set of segment adjusted proportionate accounts, derived from adjustments specific for real estate companies, as 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 with and 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 (together with any expected withholding tax).
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 in a transaction settled in shares to share-based payments is an accounting treatment required under IFRS. Share-based payments related to the 2019 Transaction (detailed in note 21.2) between MAS and Prime Kapital in November 2019 are reversed in adjusted proportionate accounts so that the entire 2019 Transaction purchase price is treated as being paid for Prime Kapital'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, is reversed.
5. *Estimation for WE disposal realisation costs and losses*
Estimated costs likely to crystallise on disposal of the assets in WE, and the liquidation of all holding entities in the WE segment, including early bank debt repayment penalties, agency fees, tax advisory fees, legal fees, capital expenditure requirements and other related costs and losses. This includes an estimated loss on disposal of the properties, as strategically these assets might be sold for a price less than their fair value. Based on the information available to management on the date of this report, an amount of €19,888 thousand was raised in the calculation of Tangible NAV to provide for these expected costs and discounts.
6. *Elimination of cross-shareholding between MAS and DJV*
Elimination of MAS' 40% proportion of the DJV's investment in MAS shares, at cost.
7. *Elimination of DJV's dividend income from MAS*
Elimination of the 40% proportionate part of Net dividends – listed securities recognised by the DJV as dividend income received from MAS.
8. *Settlement of payables and receivables between MAS and DJV following the Transactions (applicable for the year to 30 June 2022)*
Reclassification of the proportionate part of MAS' amounts payable to DJV and DJV's amounts receivable from the Transactions (detailed in note 4) as if the cash was paid by MAS and received by the DJV on 30 June 2022. This is a one-off adjustment aimed at enhancing presentation of all Transactions' outcomes on the effective date.
9. *Geared share purchase plan interest income*
Interest charged by MAS to participants' outstanding loans with reference to the geared share purchase plan, accrued at the Group's weighted average cost of debt.

A reconciliation of the amounts reported in these consolidated annual financial statements to the proportionate accounts is presented in note 28.

MAS P.L.C.
Consolidated annual financial statements for the year to 30 June 2023

Year to 30 June 2023	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
EARNINGS	90,832	71,053	24,772	(94)	(4,899)	602	16,276	(1,066)	(15,725)	1,117	91,434	87,329	23,706	(15,819)	(3,782)
DISTRIBUTABLE EARNINGS	60,345	51,487	19,187	752	(11,081)	(1,408)	-	(2,323)	-	915	58,937	51,487	16,864	752	(10,166)
Net rental income – income property	63,899	60,156	1,454	2,289	-	-	-	-	-	-	63,899	60,156	1,454	2,289	-
Net income – residential property	(193)	-	(193)	-	-	-	-	-	-	-	(193)	-	(193)	-	-
Net income – preferred equity and revolving credit facility	12,279	-	12,279	-	-	-	-	-	-	-	12,279	-	12,279	-	-
Net dividends – listed securities ^{1,7}	9,394	-	2,323	-	7,071	(1,862)	-	(2,323)	-	461	7,532	-	-	-	7,532
Net corporate expenses	(6,604)	(2,036)	(240)	(560)	(3,768)	-	-	-	-	-	(6,604)	(2,036)	(240)	(560)	(3,768)
Interest on debt financing	(19,815)	(4,702)	(11)	(912)	(14,190)	-	-	-	-	-	(19,815)	(4,702)	(11)	(912)	(14,190)
Interest capitalised on developments	3,939	-	3,939	-	-	-	-	-	-	-	3,939	-	3,939	-	-
Other distributable net income/(cost) ⁹	428	(82)	13	(30)	527	454	-	-	-	454	882	(82)	13	(30)	981
Income tax	(2,982)	(1,849)	(377)	(35)	(721)	-	-	-	-	-	(2,982)	(1,849)	(377)	(35)	(721)
NON-DISTRIBUTABLE EARNINGS	30,487	19,566	5,585	(846)	6,182	2,010	16,276	1,257	(15,725)	202	32,497	35,842	6,842	(16,571)	6,384
Fair value adjustments – income property ⁵	41,275	32,620	6,812	1,843	-	(5,380)	-	-	(5,380)	-	35,895	32,620	6,812	(3,537)	-
Fair value adjustments – interest rate derivatives	3,818	3,464	352	-	2	-	-	-	-	-	3,818	3,464	352	-	2
Fair value adjustments – listed securities ¹	8,550	-	-	-	8,550	(461)	-	-	-	(461)	8,089	-	-	-	8,089
Foreign currency exchange differences	(2,095)	-	-	-	(2,095)	-	-	-	-	-	(2,095)	-	-	-	(2,095)
Investment expenses ⁵	(2,247)	(242)	(371)	(1,157)	(477)	1,018	-	-	1,018	-	(1,229)	(242)	(371)	(139)	(477)
Share-based payment expense ³	(10,560)	(9,897)	-	-	(663)	10,560	9,897	-	-	663	-	-	-	-	-
Other non-distributable income/(cost)	914	-	49	-	865	-	-	-	-	-	914	-	49	-	865
Tax on sale of property	(1,369)	-	-	(1,369)	-	-	-	-	-	-	(1,369)	-	-	(1,369)	-
Deferred tax ⁴	(7,799)	(6,379)	(1,257)	(163)	-	7,636	6,379	1,257	-	-	(163)	-	-	(163)	-
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	(11,363)	-	-	(11,363)	-	(11,363)	-	-	(11,363)	-
Weighted average adjusted number of shares											659,897,913				
Diluted weighted average adjusted number of shares											670,049,844				
<i>Adjusted distributable earnings per share (eurocents)</i>											<i>8.93</i>				
<i>Diluted adjusted distributable earnings per share (eurocents)</i>											<i>8.80</i>				

MAS P.L.C.
Consolidated annual financial statements for the year to 30 June 2023

On 30 June 2023	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	964,656	770,620	364,411	51,449	(221,824)	(3,719)	32,806	(16,637)	(19,888)	-	960,937	803,426	347,774	31,561	(221,824)
ASSETS	1,510,948	944,599	401,341	89,573	75,435	(22,517)	(2,947)	(19,570)	-	-	1,488,431	941,652	381,771	89,573	75,435
Income property	979,056	896,390	23,856	58,810	-	-	-	-	-	-	979,056	896,390	23,856	58,810	-
Developments – income property	70,769	5,120	65,649	-	-	-	-	-	-	-	70,769	5,120	65,649	-	-
Developments – residential property	75,526	-	75,526	-	-	-	-	-	-	-	75,526	-	75,526	-	-
Preferred equity and revolving credit facility	203,369	-	203,369	-	-	-	-	-	-	-	203,369	-	203,369	-	-
Listed securities ⁶	56,074	-	19,570	-	36,504	(19,570)	-	(19,570)	-	-	36,504	-	-	-	36,504
Goodwill ²	1,696	1,696	-	-	-	(1,696)	(1,696)	-	-	-	-	-	-	-	-
Deferred tax asset	2,510	1,170	121	1,219	-	-	-	-	-	-	2,510	1,170	121	1,219	-
Interest rate derivative financial assets	8,951	8,088	863	-	-	-	-	-	-	-	8,951	8,088	863	-	-
Other assets	2,549	11	2,091	132	315	-	-	-	-	-	2,549	11	2,091	132	315
VAT receivable	5,038	24	4,698	263	53	-	-	-	-	-	5,038	24	4,698	263	53
Share-based payment prepayments ³	1,251	1,251	-	-	-	(1,251)	(1,251)	-	-	-	-	-	-	-	-
Trade and other receivables	40,268	11,703	2,068	25,094	1,403	-	-	-	-	-	40,268	11,703	2,068	25,094	1,403
Cash and cash equivalents	63,891	19,146	3,530	4,055	37,160	-	-	-	-	-	63,891	19,146	3,530	4,055	37,160
LIABILITIES	546,292	173,979	36,930	38,124	297,259	(18,798)	(35,753)	(2,933)	19,888	-	527,494	138,226	33,997	58,012	297,259
Debt financing	452,717	115,172	8,152	33,508	295,885	-	-	-	-	-	452,717	115,172	8,152	33,508	295,885
Deferred tax liability ⁴	38,686	35,753	2,933	-	-	(38,686)	(35,753)	(2,933)	-	-	-	-	-	-	-
Trade and other payables	54,889	23,054	25,845	4,616	1,374	-	-	-	-	-	54,889	23,054	25,845	4,616	1,374
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	19,888	-	-	19,888	-	19,888	-	-	19,888	-
Adjusted number of shares in issue											661,007,502				
Tangible net asset value per share (<i>eurocents</i>)											145				

MAS P.L.C.
Consolidated annual financial statements for the year to 30 June 2023

Year to 30 June 2022	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
EARNINGS	141,171	98,145	62,547	10,616	(30,137)	26,942	8,200	(5,549)	22,969	1,322	168,113	106,345	56,998	33,585	(28,815)
DISTRIBUTABLE EARNINGS	46,737	30,965	27,170	1,115	(12,513)	(631)	-	(2,525)	-	1,894	46,106	30,965	24,645	1,115	(10,619)
Net rental income – income property	44,639	33,420	7,642	3,577	-	-	-	-	-	-	44,639	33,420	7,642	3,577	-
Net income – residential property	2,959	-	2,959	-	-	-	-	-	-	-	2,959	-	2,959	-	-
Net income – preferred equity	12,985	-	12,985	-	-	-	-	-	-	-	12,985	-	12,985	-	-
Net dividends – listed securities ^{1,7}	6,893	-	2,525	-	4,368	(835)	-	(2,525)	-	1,690	6,058	-	-	-	6,058
Net corporate expenses	(5,406)	(1,557)	(877)	(451)	(2,521)	-	-	-	-	-	(5,406)	(1,557)	(877)	(451)	(2,521)
Interest on debt financing	(16,770)	-	(725)	(1,707)	(14,338)	-	-	-	-	-	(16,770)	-	(725)	(1,707)	(14,338)
Interest capitalised on developments	2,726	-	2,726	-	-	-	-	-	-	-	2,726	-	2,726	-	-
Other distributable net income/(cost) ⁹	(169)	(288)	23	(51)	147	204	-	-	-	204	35	(288)	23	(51)	351
Income tax	(1,120)	(610)	(88)	(253)	(169)	-	-	-	-	-	(1,120)	(610)	(88)	(253)	(169)
NON-DISTRIBUTABLE EARNINGS	94,434	67,180	35,377	9,501	(17,624)	27,573	8,200	(3,024)	22,969	(572)	122,007	75,380	32,353	32,470	(18,196)
Fair value adjustments – income property ⁸	114,416	75,453	31,528	7,435	-	(15,074)	-	-	(15,074)	-	99,342	75,453	31,528	(7,639)	-
Fair value adjustments – interest rate derivatives	917	-	829	88	-	-	-	-	-	-	917	-	829	88	-
Fair value adjustments – listed securities ¹	(14,230)	-	-	-	(14,230)	(1,690)	-	-	-	(1,690)	(15,920)	-	-	-	(15,920)
Foreign currency exchange differences	1,845	-	-	2,625	(780)	-	-	-	-	-	1,845	-	-	2,625	(780)
Investment expenses ⁵	(2,776)	(73)	(16)	(1,696)	(991)	1,550	-	-	1,550	-	(1,226)	(73)	(16)	(146)	(991)
Share-based payment expense ³	(2,486)	(1,368)	-	-	(1,118)	2,486	1,368	-	-	1,118	-	-	-	-	-
Other non-distributable income/(cost)	(493)	-	12	-	(505)	-	-	-	-	-	(493)	-	12	-	(505)
Tax on sale of property	1,709	-	-	1,709	-	-	-	-	-	-	1,709	-	-	1,709	-
Deferred tax ⁴	(4,468)	(6,832)	3,024	(660)	-	3,808	6,832	(3,024)	-	-	(660)	-	-	(660)	-
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	36,493	-	-	36,493	-	36,493	-	-	36,493	-
Weighted average adjusted number of shares											675,012,588				
Diluted weighted average adjusted number of shares											683,768,628				
<i>Adjusted distributable earnings per share (eurocents)</i>											<i>6.83</i>				
<i>Diluted adjusted distributable earnings per share (eurocents)</i>											<i>6.75</i>				

MAS P.L.C.
Consolidated annual financial statements for the year to 30 June 2023

On 30 June 2022	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	928,150	739,969	261,322	68,720	(141,861)	(4,514)	17,640	(17,990)	(4,164)	-	923,636	757,609	243,332	64,556	(141,861)
ASSETS	1,596,230	914,697	327,955	108,475	245,103	(122,431)	(12,983)	(19,570)	-	(89,878)	1,473,799	901,714	308,385	108,475	155,225
Income property	952,822	859,816	14,536	78,470	-	-	-	-	-	-	952,822	859,816	14,536	78,470	-
Developments – income property	41,573	720	40,853	-	-	-	-	-	-	-	41,573	720	40,853	-	-
Developments – residential property	50,293	-	50,293	-	-	-	-	-	-	-	50,293	-	50,293	-	-
Preferred equity	141,640	-	141,640	-	-	-	-	-	-	-	141,640	-	141,640	-	-
Listed securities ⁶	117,225	-	19,570	-	97,655	(19,570)	-	(19,570)	-	-	97,655	-	-	-	97,655
Goodwill ²	1,696	1,696	-	-	-	(1,696)	(1,696)	-	-	-	-	-	-	-	-
Deferred tax asset	3,824	2,419	23	1,382	-	-	-	-	-	-	3,824	2,419	23	1,382	-
Interest rate derivative financial assets	5,066	4,562	504	-	-	-	-	-	-	-	5,066	4,562	504	-	-
Other assets	2,545	158	1,860	135	392	-	-	-	-	-	2,545	158	1,860	135	392
VAT receivable	3,145	778	1,968	254	145	-	-	-	-	-	3,145	778	1,968	254	145
Share-based payment prepayments ³	11,287	11,287	-	-	-	(11,287)	(11,287)	-	-	-	-	-	-	-	-
Trade and other receivables	82,457	14,205	48,227	18,960	1,065	(35,951)	-	(35,951)	-	-	46,506	14,205	12,276	18,960	1,065
Cash and cash equivalents	182,657	19,056	8,481	9,274	145,846	(53,927)	-	35,951	-	(89,878)	128,730	19,056	44,432	9,274	55,968
LIABILITIES	668,080	174,728	66,633	39,755	386,964	(117,917)	(30,623)	(1,580)	4,164	(89,878)	550,163	144,105	65,053	43,919	297,086
Debt financing	463,537	123,544	9,828	34,126	296,039	-	-	-	-	-	463,537	123,544	9,828	34,126	296,039
Other liabilities	109	-	109	-	-	-	-	-	-	-	109	-	109	-	-
Deferred tax liability ⁴	32,203	30,623	1,580	-	-	(32,203)	(30,623)	(1,580)	-	-	-	-	-	-	-
Trade and other payables ⁸	172,231	20,561	55,116	5,629	90,925	(89,878)	-	-	-	(89,878)	82,353	20,561	55,116	5,629	1,047
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	4,164	-	-	4,164	-	4,164	-	-	4,164	-
Adjusted number of shares in issue											659,507,502				
<i>Tangible net asset value per share (eurocents)</i>											<i>140</i>				

Consolidated annual financial statements for the year to 30 June 2023

The reconciliations of distributable earnings for the financial years to 30 June 2023 and 30 June 2022 are provided below.

Segment	Adjusted distributable earnings for the six-month period to 31 December 2022	Adjusted distributable earnings for the six-month period to 30 June 2023	Adjusted distributable earnings for the financial year to 30 June 2023
CEE	25,170	26,317	51,487
DJV	8,100	8,764	16,864
WE	239	513	752
Co	(4,341)	(5,825)	(10,166)
Total	29,168	29,769	58,937
Weighted average adjusted number of shares in issue for the period	659,507,502	660,294,795	659,897,913
Diluted weighted average adjusted number of shares in issue for the period	669,659,433	670,446,726	670,049,844
Adjusted distributable earnings per share (eurocents)	4.42	4.51	8.93
Diluted adjusted distributable earnings per share (eurocents)	4.36	4.44	8.80
Dividend per share (eurocents)	4.36	-	4.36

Segment	Adjusted distributable earnings for the six-month period to 31 December 2021	Adjusted distributable earnings for the six-month period to 30 June 2022	Adjusted distributable earnings for the financial year to 30 June 2022
CEE	15,075	15,890	30,965
DJV	10,336	14,309	24,645
WE	953	162	1,115
Co	(6,342)	(4,277)	(10,619)
Total	20,022	26,084	46,106
Weighted average adjusted number of shares in issue for the period	676,094,408	673,912,836	675,012,588
Diluted weighted average adjusted number of shares in issue for the period	684,039,817	683,492,944	683,768,628
Adjusted distributable earnings per share (eurocents)	2.96	3.87	6.83
Diluted adjusted distributable earnings per share (eurocents)	2.94	3.82	6.75
Dividend per share (eurocents)	2.96	3.82	6.78

The Diluted weighted average adjusted number of shares and Diluted adjusted number of shares in issue are presented below.

Six months to 30 June 2023

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Diluted weighted average
1-Jan-23	Opening	669,659,433	669,659,433	47.5%	318,180,725
27-Mar-23	Share scheme shares granted	1,500,000	671,159,433	52.5%	352,266,001
30-Jun-23	Closing	671,159,433	671,159,433	100.0%	670,446,726

Six months to 31 December 2022

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Diluted weighted average
1-Jul-22	Opening	669,659,433	669,659,433	100.0%	669,659,433
31-Dec-22	Closing	669,659,433	669,659,433	100.0%	669,659,433

Six months to 30 June 2022

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Diluted weighted average
1-Jan-22	Opening	684,746,339	684,746,339	38.2%	261,035,897
10-Mar-22	Share scheme shares granted	1,500,000	686,246,339	41.6%	284,356,218
24-May-22 to 30-Jun-22	Shares repurchases	(16,586,906)	669,959,433	20.2%	138,100,829
30-Jun-22	Closing	669,659,433	669,659,433	100.0%	683,492,944

Consolidated annual financial statements for the year to 30 June 2023

Six months to 31 December 2021

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Diluted weighted average
1-Jul-21	Opening	682,746,339	682,746,339	35.3%	241,187,565
3-Sep-21	Share scheme shares granted	2,000,000	684,746,339	64.7%	442,852,252
31-Dec-21	Closing	684,746,339	684,746,339	100.0%	684,039,817

4. Material prior year transactions

The Group entered into agreements with Prime Kapital, as approved by MAS' shareholders on 30 June 2022 and effective on the same date, in terms of which:

- MAS acquired 100% of the share capital and shareholder loans of six subsidiaries of PKM Development, owning six Romanian commercial centres (collectively referred to as the 'Spark II Portfolio') through two subsidiaries, namely MAS CEE Management Holdings SRL and MAS Real Estate Finance SRL. Spark II Portfolio collectively refers to the six subsidiaries owning the relevant properties, namely DN1 Value Centre SRL (formerly PK Development One SRL), Prahova Value Centre SRL (formerly PK Green SRL), Seps Value Centre SRL (formerly PK Bronze SRL), Dambovită Mall SRL (formerly PK Grizzly SRL), Zalau Value Centre SRL (formerly PK Denim SRL) and Barlad Value Centre SRL (formerly PK Vanilla SRL), and
- MAS committed to extend the duration of the joint venture relationship and to increase MAS' funding commitment to the DJV, collectively referred to as the 'Transactions'.

a) Acquisition of 100% of the share capital and shareholder loans of six subsidiaries

MAS considered the provisions of IFRS 3 'Business Combinations' in assessing the appropriate accounting treatment for the acquisition of 100% of the share capital and shareholder loans of the six subsidiaries. MAS concluded that the Spark II Portfolio qualifies as a group of similar assets, as substantially all the fair value of the gross assets acquired was concentrated in a group of similar identifiable assets. As such the acquisition was accounted for as an acquisition of assets.

Considering the above, IFRS 3 was not applied and acquired assets and liabilities transferred on acquisition were accounted with reference to applicable standards, respectively, IAS 40 'Investment property' and IFRS 9 'Financial instruments' for financial assets and liabilities and other relevant financial elements. In accordance with the initial recognition exemption under IAS 12 'Income taxes' no deferred tax was recognised on the effective date of the Transactions. As such, investment property was initially recognised at cost, reflected as the consideration price less residual value after recognising financial assets and liabilities at fair value, plus transaction costs.

Consideration price

The following table summarises the fair value of assets and liabilities that were acquired with effect from 30 June 2022.

	On 30 June 2022
Consideration price	319,706
Fair value of investment properties	316,930
Purchase price premium	2,776
Bank loans (including interest rate hedging assets at amortised cost)	(120,693)
Net working capital	7,561
Assets (including €8,631 thousand cash and cash equivalents transferred)	15,063
Liabilities	(7,502)
Purchase price	206,574

The Purchase price of €206,574 thousand was partially settled on 30 June 2022 through set-offs, as follows:

- €46,983 thousand as redemption of preferred equity;
- €16,708 thousand as accrued preferred equity coupon; and
- €53,119 thousand as the ordinary distribution receivable from the DJV.

The remaining €89,764 thousand was paid in cash after 30 June 2022.

Acquisition related costs

The Group incurred acquisition-related costs of €584 thousand for the year to 30 June 2022, accounted for in accordance with IAS 40, and included in the initial cost of the investment property.

b) Extension of the DJV relationship

In order to further MAS' investment strategy and meet the long-term commercial interests of the DJV, among others, the following terms were agreed:

- an extension to the exclusivity period by five years (i.e., the end of the drawdown period or the date on which the funding committed by MAS to the DJV had been fully invested by the DJV, whichever occurs first), in terms of which the DJV parties agreed that:
 - neither MAS nor any of its associates would operate a business in CEE that has commercial or residential real estate development as its principal objective, and
 - Prime Kapital would not operate or own more than 15% in any CEE commercial or residential real estate development business;
- an extension of the drawdown period in relation to the funding committed to the DJV by five years, to 2030;
- a deferment of five years, to 2035, of the date on which MAS is entitled to give written notice to the DJV parties to liquidate the assets of, redeem the preferred equity, and voluntarily dissolve the DJV;
- an increase to MAS' preferred equity funding commitments to the DJV by €50million, to a total of €470million;
- the reinstatement of the funding commitment available in respect of the preferred equity investment commitment, by a maximum amount of €100million, to the extent that the DJV makes an early redemption, from time to time, in respect of the preferred equity, due to major capital events prior to the end of the drawdown period;
- the provision of a €30million revolving credit facility to the DJV at a fixed interest rate of 7.5%. The final availability date of the facility would be the last day of the drawdown period, applicable to MAS' preferred equity commitment.

Except for drawdowns of and interest earned on the revolving credit facility during the year to 30 June 2023, the extension of the DJV relationship terms had no other effect on the consolidated annual financial statements (30 June 2022: no effect).

Consolidated annual financial statements for the year to 30 June 2023

5. Investment property held for sale and discontinued operations

Accounting policy**Investment property held for sale**

Properties identified for disposal, that met the criteria for classification as held for sale, as described in the accounting policy in note 13, are presented in the consolidated financial statements as investment property held for sale at fair value, as the properties are actively marketed and for which it was probable that the sale transactions would occur in the following twelve months from the periods then ended.

This judgement is based on criteria outlined in IFRS 5 which states that the assets should be classified as held for sale and excluded from investment property, if management assesses that the properties are actively marketed, part of a committed plan to sell and an active programme is in place to locate buyers.

Discontinued operations

Key judgements are made in respect of the investment property held for sale, whether a segment meets the criteria for classification as held for sale and a disposal of a significant business segment. If the criteria are met, in accordance with IFRS 5 the entire segment is treated as a discontinued operation and the consolidated statement of profit or loss for the current and comparative periods must separately disclose discontinued operations from the rest of the business.

Therefore, the results of the respective segment are removed from the consolidated statement of profit or loss, on a line-by-line basis, and the result of the segment is recognised as a single financial statement line item named 'Profit from discontinued operations, net of tax' in the consolidated statement of profit or loss.

On 30 June 2023 and 30 June 2022, the Group recognised as held for sale, assets actively marketed for which IFRS 5 criteria were met. Properties within the WE segment classified as held for sale, are carried at fair value determined by external valuers. The measurement requirements of IFRS 5 do not apply to investment property, as such investment property continues to be measured at fair value once transferred to investment property held for sale.

Management concluded that the sale of the WE assets represents an identifiable segment of the business and forms part of a co-ordinated disposal plan. The WE segment's assets met the criteria for 'held for sale', therefore, in accordance with IFRS 5, the entire segment has been treated as a discontinued operation and the results for the current and prior year have been separately disclosed from the rest of the business.

During the year to 30 June 2023, the Group completed the sale of Langley Park by means of an asset deal, as detailed in note 5.2. On 30 June 2023, Flensburg Galerie (Germany) and the Arches street retail units (UK) were undergoing competitive sales processes. Management remains committed to finalising the disposal plan in the twelve-month period subsequent to 30 June 2023.

Properties classified as discontinued operations

Property name	Country	Status		Completion date
		On 30 June 2023	On 30 June 2022	
New Uberior House ¹	UK	Sold	Sold	26 August 2021
Malling Brooks	UK	Sold	Sold	24 October 2021
Adagio Hotel	UK	Sold	Sold	21 December 2021
Gotha	Germany	Sold	Sold	23 February 2022
Langley Park	UK	Sold	Held for sale, SPA signed	21 December 2022
Flensburg Galerie	Germany	Held for sale	Held for sale	n/a
New Waverley, Arches	UK	Held for sale	Held for sale	n/a

¹ Disposal of New Uberior House was conducted by means of a share deal. Accordingly, IFRS 10 principles have been applied for the deconsolidation of subsidiary New Uberior House Limited.

5.1. Profit from discontinued operations, net of tax

	Note	Year to 30 June 2023	Year to 30 June 2022
Rental income	6.1	3,965	5,478
Service charge income and other recoveries	6.2	1,249	1,239
Gross revenue		5,214	6,717
Reversal of impairment/(Impairment) of receivables	6.1; 6.2	76	(23)
Service charge and other property operating expenses	6.2	(3,001)	(3,121)
Net rental income	6	2,289	3,573
Corporate expenses	7	(560)	(451)
Other income	8	870	1,009
Investment expenses	9	(945)	(1,407)
Fair value adjustments	10	(4,347)	(1,674)
Foreign currency exchange differences		(5)	5
Foreign exchange gain previously recognised in other comprehensive income recycled on disposal of subsidiary	5.2	-	2,625
Loss from disposal of subsidiary	5.2	-	(2,630)
Gain from disposal of investment property held for sale	5.2	5,320	11,143
Profit before finance costs		2,622	12,193

Consolidated annual financial statements for the year to 30 June 2023

	Note	Year to 30 June 2023	Year to 30 June 2022
Finance income	11	8	-
Finance costs	11	(945)	(2,725)
Profit before tax		1,685	9,468
Current tax		(1,404)	1,550
Deferred tax		(163)	(661)
Taxation	12	(1,567)	889
Profit from discontinued operations, net of tax		118	10,357

The Group elected to disclose in these consolidated annual financial statements, detailed elements of relevant line items of profit from discontinued operations in comparison with continuing operations, as detailed in each relevant note.

5.2. Investment property held for sale

Reconciliation of the Group's investment property held for sale is detailed below.

	Note	On 30 June 2023	On 30 June 2022
Opening balance		78,509	211,640
Disposals		(23,176)	(145,494)
Gain from disposal of investment property held for sale		5,320	11,143
Capitalised expenditure ¹		2,770	2,500
Fair value adjustment	10	(4,347)	(1,763)
Foreign currency translation reserve		(228)	483
Closing balance		58,848	78,509

¹Of the €2,770 thousand (30 June 2022: €2,500 thousand) capitalised expenditure incurred during the period, the Group paid €1,486 thousand (30 June 2022: €2,172 thousand) in cash.

Bank loans of €33,508 thousand (30 June 2022: €34,126 thousand) are secured against investment property held for sale with a carrying value of €56,960 thousand (30 June 2022: €59,224 thousand). For further information on outstanding bank loans secured against investment property held for sale, refer to note 19.1.

Investment property held for sale has been adjusted to take into account lease incentive accruals of €240 thousand (30 June 2022: €76 thousand).

Investment properties held for sale disposed of

Reconciliation of the profit from disposal of investment property held for sale for the financial year to 30 June 2023 is disclosed below.

Property name	Fair value at completion date	Transaction value	Foreign currency translation	Profit from disposal
Langley Park	(18,084)	23,176	228	5,320
Total	(18,084)	23,176	228	5,320

Of the total sale price of €23,176 thousand, €255 thousand transaction fees were deducted at the transaction date. The Group received the first instalment amounting to €11,420 thousand in cash, with the second instalment of €11,797 thousand (£10,077 thousand) receivable in January 2024 and presented in trade and other receivables in note 18.2.

Reconciliation of the profit from disposal of investment property held for sale for the financial year to 30 June 2022 is disclosed below.

Property name	Fair value at completion date	Transaction value	Foreign currency translation	Profit from disposal
Adagio Hotel	(33,744)	45,448	(446)	11,258
Malling Brooks	(902)	990	1	89
Gotha	(7,565)	7,361	-	(204)
Total	(42,211)	53,799	(445)	11,143

Gain from disposal of investment properties held for sale includes (a) investment properties fair valued on the most recent date prior to disposal and (b) lease incentive accruals. The transaction value is the sale price in accordance with sale and purchase agreements (SPAs) entered into.

Subsidiary disposed during the comparative year

The disposal of New Uberior House was conducted by means of a share deal effective 26 August 2021. In accordance with IFRS 10, the subsidiary was deconsolidated from the Group's accounts, on the effective date of disposal. The subsidiary was disposed of for a consideration of €90,259 thousand. The transaction resulted in €2,630 thousand loss from disposal of subsidiary and €2,625 thousand foreign exchange gain previously presented in other comprehensive income which was recycled through profit or loss for the year.

MAS P.L.C.

Consolidated annual financial statements for the year to 30 June 2023

Reconciliation of sale consideration received is presented below.

	Amount
Consideration received¹	90,259
Liabilities settled by the buyer¹	(45,293)
Bank loans	(44,575)
Interest rate swap liability	(718)
Cash and cash equivalents disposed of	(1,759)
Cash consideration received	43,207

¹ Non-cash flow movement

Assets and liabilities, including cash and cash equivalents, which were transferred to the buyer effective 26 August 2021, are summarised below.

	On disposal date
Assets	93,454
Investment property	91,695
Cash and cash equivalents	1,759
Liabilities	2,585
Trade and other payables	2,341
Deferred tax liabilities	244

No additional debt break fees on disposal of assets (30 June 2022: €1,002 thousand) were incurred by the Group from repayment of bank loans secured against investment property held for sale; refer to note 11. Transaction fees of €945 thousand (30 June 2022: €1,407 thousand) were incurred relating to disposal of the properties, and were recognised as investment expenses; refer to note 9.

5.3. Cash flows from discontinued operations

	Year to 30 June 2023	Year to 30 June 2022
Net cash outflow from operating activities	(12,640)	(71,417)
Net cash inflow from investing activities	8,956	85,891
Net cash outflow from financing activities	(1,530)	(36,228)
Net cash outflow from discontinued operations	(5,214)	(21,754)

6. Net rental income

	Note	Year to 30 June 2023	Year to 30 June 2022
Continuing operations			
Gross rental income	6.1	62,836	36,344
Service charge income and other recoveries	6.2	20,203	11,575
Gross revenue - continuing operations		83,039	47,919
Impairment of receivables		(127)	(338)
Service charge and other property operating expenses	6.2	(22,756)	(13,478)
Net rental income - continuing operations		60,156	34,103
Discontinued operations			
Gross rental income	6.1	3,965	5,478
Service charge income and other recoveries	6.2	1,249	1,239
Gross revenue - discontinued operations		5,214	6,717
Reversal of impairment/(Impairment) of receivables		76	(23)
Service charge and other property operating expenses	6.2	(3,001)	(3,121)
Net rental income - discontinued operations		2,289	3,573
Total			
Gross rental income	6.1	66,801	41,822
Service charge income and other recoveries	6.2	21,452	12,814
Gross revenue		88,253	54,636
Impairment of receivables		(51)	(361)
Service charge and other property operating expenses	6.2	(25,757)	(16,599)
Net rental income		62,445	37,676

Disaggregation of the Net rental income by segment is disclosed in note 3.

Consolidated annual financial statements for the year to 30 June 2023

6.1. Rental income

Accounting policy

Rental income from investment properties subject to operating leases is recognised through profit or loss on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental income on a straight-line basis over the term of the lease. The term of the lease is the non-cancellable period together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, there is reasonable certainty that the tenant will exercise that option.

Turnover rent represents the portion of the Group's rental income related to variable lease payments. Turnover rent is contingent on the underlying performance of the tenant and, as such, it is recognised as incurred.

		Year to 30 June 2023	Year to 30 June 2022
Continuing operations			
Gross rental income		54,148	32,308
Turnover rent		8,688	4,036
Rental income - continuing operations		62,836	36,344
Impairment of receivables		(127)	(292)
Rental income, net of impairment - continuing operations		62,709	36,052
Discontinued operations			
Gross rental income		3,965	5,478
Reversal of impairment/(Impairment) of receivables		76	(23)
Rental income, net of impairment - discontinued operations		4,041	5,455
Total			
Gross rental income		58,113	37,786
Turnover rent		8,688	4,036
Rental income		66,801	41,822
Impairment of receivables		(51)	(315)
Rental income, net of impairment		66,750	41,507

No single tenant represented a quantum of more than 10% out of the Group's total rental income during the periods presented. The future aggregate minimum rental receivable under non-cancellable operating leases is as follows.

		Year to 30 June 2023	Year to 30 June 2022
No later than 1 year		64,690	57,698
1-2 years		55,866	51,765
2-3 years		38,821	38,462
3-4 years		24,412	24,861
4-5 years		16,305	16,491
Greater than 5 years		18,549	23,864
Total		218,643	213,141

The table above presents the future aggregate minimum rental receivable for the financial years to 30 June 2023 and 30 June 2022. The WE assets were excluded from the presentation as discontinued operations are deemed not to generate significant future rental receivables up to the date of disposal. The 2022 financial year figures also include the future aggregate minimum rental receivable for the Spark II Portfolio acquired effective 30 June 2022.

6.2. Service charge

Accounting policy

Service charge income and other recoveries

The Group has lease agreements in terms of which costs relating to common areas and general services are shared amongst tenants. The costs that can be recharged are specified in the lease agreements and, are separately invoiced and represent distinct non-lease components.

As specified in the lease agreements, the Group typically has the primary responsibility for providing services to tenants (such as electricity, water and gas utilities, interior and exterior cleaning, security, maintenance and repairs). These contracts are concluded between the Group subsidiaries which own the properties and the direct supplier.

As the Group sometimes uses the same providers for services across its properties, it can negotiate better prices through economies of scale. The Group is considered principal in these transactions, per IFRS 15 'Revenue from Contracts with Customers' requirements.

Consolidated annual financial statements for the year to 30 June 2023

The Group negotiates and pays all relevant property operating expenses incurred by or on behalf of the tenants and then re-invoices these costs to them as defined in the contractual clauses included in the lease agreements. A flat fee is charged monthly during the year. This fee is estimated based on the previous year's actual costs and an annual service charge reconciliation is performed based on current year's actual costs incurred by the Group. For contracts terminated during the year, the Group estimates the service charge to be collected for the leased period based on the current budget and prior year's actual costs.

The Group has elected to apply the practical expedient in paragraph 121 of IFRS 15 'Revenue from Contracts with Customers' and does not disclose information about remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.

Service charge and other property operating expenses

Service charge and other property operating expenses are expenses incurred in relation to the properties held by the Group. These expenses comprise direct expenses in relation to income-generating properties and are recognised in profit or loss in the period in which they are incurred, on an accrual basis.

Staff costs which relate to the operating of investment properties are included in property operating expenses to the extent that they relate to income-generating properties. Staff costs directly related to development properties are capitalised to development properties.

		Year to 30 June 2023	Year to 30 June 2022
Continuing operations			
Gross service charge income and other recoveries		20,203	11,575
Impairment of receivables		-	(46)
Service charge and other recoveries, net – continuing operations		20,203	11,529
Property expenses		(14,088)	(8,696)
Property management expenses		(5,464)	(3,036)
Marketing fees		(2,351)	(1,352)
Insurance expenses		(300)	(167)
Other service charge expenses		(553)	(227)
Service charge and other property operating expenses – continuing operations		(22,756)	(13,478)
Net service charge – continuing operations		(2,553)	(1,949)
Discontinued operations			
Gross service charge income and other recoveries		1,249	1,239
Service charge and other recoveries, net – discontinued operations		1,249	1,239
Property expenses		(2,087)	(2,332)
Property management expenses		(317)	(406)
Marketing fees		(259)	(129)
Insurance expenses		(146)	(158)
Other service charge expenses		(192)	(96)
Service charge and other property operating expenses – discontinued operations		(3,001)	(3,121)
Net service charge – discontinued operations		(1,752)	(1,882)
Total			
Gross service charge income and other recoveries		21,452	12,814
Impairment of receivables		-	(46)
Service charge and other recoveries, net		21,452	12,768
Property expenses		(16,175)	(11,028)
Property management expenses		(5,781)	(3,442)
Marketing fees		(2,610)	(1,481)
Insurance expenses		(446)	(325)
Other service charge expenses		(745)	(323)
Service charge and other property operating expenses		(25,757)	(16,599)
Net service charge		(4,305)	(3,831)

Consolidated annual financial statements for the year to 30 June 2023

7. Corporate expenses

Accounting policy

Corporate expenses include items such as: staff costs, office and administration expenses, professional fees (legal, accounting, audit), depreciation and other corporate expenses. These are recognised through profit or loss in the period in which they are incurred.

Staff costs are considered corporate expenses, to the extent these do not relate to operating investment properties (which are recognised as property management expenses in service charge) or development of properties (which are capitalised).

		Year to 30 June 2023	Year to 30 June 2022
Continuing operations			
Employee costs and non-executive director fees		(2,208)	(1,195)
Legal and professional		(1,691)	(1,751)
Audit and accounting fees		(1,282)	(1,161)
Share-based payments		(935)	(1,927)
Investor communications		(296)	(100)
Office and administration expenses		(360)	(557)
Listing fees		(105)	(90)
Depreciation		(83)	(144)
Net earnings from management services		220	124
Provisions for risks and charges		-	237
Corporate expenses - continuing operations		(6,740)	(6,564)
Discontinued operations			
Office and administration expenses		(386)	(293)
Legal and professional		(130)	(115)
Audit and accounting fees		(67)	(48)
Depreciation		(3)	-
Net earnings from management services		26	5
Corporate expenses - discontinued operations		(560)	(451)
Total			
Employee costs and non-executive director fees		(2,208)	(1,195)
Legal and professional		(1,821)	(1,866)
Audit and accounting fees ¹		(1,349)	(1,209)
Share-based payments		(935)	(1,927)
Office and administration expenses		(746)	(850)
Investor communications		(296)	(100)
Listing fees		(105)	(90)
Depreciation		(86)	(144)
Provisions for risks and charges		-	237
Net earnings from management services		246	129
Corporate expenses		(7,300)	(7,015)

¹ Of the total amount of €1,349 thousand (30 June 2022: €1,209 thousand) of audit and accounting fees incurred during the year to 30 June 2023, €599 thousand (30 June 2022: €478 thousand) were audit fees charged in respect of MAS' consolidated annual financial statements, condensed consolidated interim financial statements and separate financial statements.

8. Other income

Accounting policy

Other income includes dividend income from financial investments, gain on bonds repurchased and other income that cannot be directly attributed to investment property.

Dividend income earned on financial investments is recognised in profit or loss on the date on which the Group's right to receive payment is established. Such dividends are disclosed gross of tax, with any tax consequences included as part of tax, as the Group is liable to settle the related taxes.

	Note	Year to 30 June 2023	Year to 30 June 2022
Continuing operations			
Dividend income earned on financial investments	18.1	8,318	4,368
Gain on bonds repurchased	19.1	1,354	-
Other income		425	638
Other income - continuing operations		10,097	5,006

Consolidated annual financial statements for the year to 30 June 2023

	Note	Year to 30 June 2023	Year to 30 June 2022
Discontinued operations			
Other income		870	1,009
Other income - discontinued operations		870	1,009
Total			
Dividend income earned on financial investments		8,318	4,368
Gain on bond repurchase		1,354	-
Other income		1,295	1,647
Other income		10,967	6,015

Withholding tax of €1,248 thousand was incurred in respect of the €8,318 gross dividends earned on financial investments for the period (30 June 2022: €nil). Refer to note 12.

9. Investment expenses

Accounting policy

Investment expenses are incurred in the process of acquiring and disposing of investments, either investment property or financial investments.

Expenses incurred in respect of investment property that do not meet the criteria for capitalisation and those incurred in the process of acquiring and disposing of financial investments are recognised in the profit or loss in the period to which they relate.

		Year to 30 June 2023	Year to 30 June 2022
Continuing operations			
Investment expenses related to acquisitions		(380)	(1,076)
Transaction fees on disposal of investment property held for sale		(119)	(391)
Other investment expenses		(432)	(391)
Investment expenses - continuing operations		(931)	(1,858)
Discontinued operations			
Transaction fees on disposal of investment property held for sale		(945)	(1,407)
Investment expenses - discontinued operations		(945)	(1,407)
Total			
Transaction fees on disposal of investment property held for sale		(1,064)	(1,798)
Investment expenses related to acquisitions		(380)	(1,076)
Other investment expenses		(432)	(391)
Investment expenses		(1,876)	(3,265)

Transaction fees on disposal of investment property held for sale

In continuing operations €119 thousand (30 June 2022: €391 thousand) were incurred by corporate entities, mainly relating to legal fees attributable to multiple investment properties held for sale. These fees are allocated to the WE segment for segmental reporting.

10. Fair value adjustments

The following items are measured at fair value on the reporting date. Changes in fair value are recognised within fair value adjustments in profit or loss in the period in which they occur.

	Note	Year to 30 June 2023	Year to 30 June 2022
Continuing operations			
Gain on fair value of investment property - income property	13.1	32,620	75,453
Gain/(loss) on fair value of financial investments - listed securities (realised and unrealised)	18.1	8,550	(14,230)
Gain on fair value of financial assets - interest rate derivatives		3,466	-
Fair value adjustments - continuing operations		44,636	61,223
Discontinued operations			
Loss on fair value of investment property held for sale	5.2	(4,347)	(1,763)
Gain on fair value of financial liabilities		-	89
Fair value adjustments - discontinued operations		(4,347)	(1,674)
Total			
Fair value adjustments		40,289	59,549

11. Finance income and finance costs

Accounting policy

Finance income and finance costs include the following:

- Interest income from financial assets held at amortised cost;
- Interest expense from financial liabilities held at amortised cost;
- Interest on bank deposits;
- Debt break fees on repayment of bank loans, and
- Impact of interest rate derivatives.

Finance income and costs are recognised using the effective interest method.

	Note	Year to 30 June 2023	Year to 30 June 2022
Continuing operations			
Finance income			
Income on PKM Development preferred equity		19,000	21,642
Income on PKM Development revolving credit facility		1,465	-
Interest on bank deposits and other finance income		163	91
Finance income - continuing operations		20,628	21,733
Finance costs			
Bonds borrowing costs	19.1	(13,997)	(14,073)
Interest on bank loans	19.1	(5,632)	(256)
Impact of interest rate derivatives		613	-
Negative interest on bank deposits and other finance expense		(55)	(927)
Finance costs - continuing operations		(19,071)	(15,256)
Discontinued operations			
Finance income			
Interest on bank deposits and other finance income		8	-
Finance income - discontinued operations		8	-
Finance costs			
Interest on bank loans	19.1	(912)	(1,667)
Debt break fees	19.1	-	(1,002)
Negative interest on bank deposits and other finance expense		(33)	(56)
Finance costs - discontinued operations		(945)	(2,725)
Total			
Finance income		20,636	21,733
Finance costs		(20,016)	(17,981)

12. Taxation

Accounting policy

Income tax for the year comprises current and deferred tax. Income tax is recognised through profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the reporting period plus/(minus) any adjustments to the tax payable or receivable in respect of previous years. It is measured using enacted or substantively enacted tax rates at the reporting date.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted on the reporting date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and current tax liabilities can be offset if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability.

Consolidated annual financial statements for the year to 30 June 2023

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the fiscal values used for tax purposes, except for the following temporary differences which are not provided for:

- those arising from goodwill not deductible for tax purposes;
- those arising from the initial recognition of assets or liabilities that affect neither accounting or taxable profit, and are not part of a business combination, and
- those arising on investments in subsidiaries and associates where the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying value of the Group's investment property is assumed to be realised through sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. The Group recognises deferred taxes on temporary differences on an asset-by-asset basis.

MAS is registered in Malta. 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 current tax expense incurred by the Group reflects tax accrued in its subsidiaries located in Malta, Romania, Bulgaria, Poland, Germany, Switzerland, the Netherlands, Luxembourg, the United Kingdom and the Isle of Man.

Output Value Added Tax (VAT) related to sales is payable to tax authorities on either the collection of receivables from customers or the delivery of services to customers depending on which occurs first. Input VAT is generally recoverable against output VAT upon receipt of the invoice. The tax authorities in individual countries permit the settlement of VAT on a net basis. VAT relating to sales and purchases is recognised in the consolidated statement of financial position on a net basis and is disclosed separately as an asset or liability, as the case may be. Where provision has been made for impairment of receivables, the loss is recorded for the gross amount of the debt, including VAT.

The Group's tax includes the following.

	Year to 30 June 2023	Year to 30 June 2022
Continuing operations		
Current tax	(4,165)	(872)
Deferred tax	(6,379)	(6,832)
Taxation - continuing operations	(10,544)	(7,704)
Discontinued operations		
Current tax	(1,404)	1,550
Deferred tax	(163)	(661)
Taxation - discontinued operations	(1,567)	889
Total		
Current tax	(5,569)	678
Deferred tax	(6,542)	(7,493)
Taxation	(12,111)	(6,815)

Consolidated annual financial statements for the year to 30 June 2023

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

	Year to 30 June 2023		Year to 30 June 2022	
	Statutory rate %	Amount	Statutory rate %	Amount
Continuing operations				
Income/corporation tax				
Malta	35.0	(382)	35.0	(3)
UK – corporation tax	20.5	-	19.0	(94)
Poland	19.0	(807)	19.0	(500)
Netherlands ¹	25.8	(450)	15.0	(75)
Bulgaria	10.0	(7)	10.0	-
Romania	16.0	(1,271)	16.0	(200)
		(2,917)		(872)
Withholding tax				
Netherlands ²	15.0	(1,248)	15.0	-
		(1,248)		-
Continuing operations - Current tax		(4,165)		(872)
Discontinued operations				
Income/corporation tax				
UK – corporation tax	20.5	(24)	19.0	441
Germany	15.8	283	15.8	77
Switzerland	31.9	(459)	26.8	-
		(200)		518
Wealth tax				
Luxembourg	0.5	(36)	0.5	(60)
		(36)		(60)
Federal tax				
Switzerland ³	8.5	(1,168)	8.5	1,092
		(1,168)		1,092
Discontinued operations - Current tax		(1,404)		1,550

¹ €349 thousand relates to gain on bond repurchases.

² €1,248 thousand relates to withholding tax on the €8,318 thousand gross dividend received in respect of financial investments.

³ €1,168 thousand relates to federal tax paid on the Zurich property (30 June 2022: €1,152 thousand relates to refund of federal tax paid on sale of the property).

Reconciliation of deferred tax is presented below.

	On 30 June 2023	On 30 June 2022
Net deferred tax liability brought forward	(26,822)	(20,966)
Current year deferred tax movement	(6,542)	(7,493)
Deferred tax asset transferred on acquisition of Spark II Portfolio	-	1,382
Disposal of subsidiary	-	244
Foreign currency translation difference in other comprehensive income	-	11
Net deferred tax liability carried forward	(33,364)	(26,822)

The breakdown of net deferred tax liability is presented below.

	On 30 June 2023	On 30 June 2022
Deferred tax asset	2,389	3,801
Deferred tax liability	(35,753)	(30,623)
Net deferred tax liability	(33,364)	(26,822)

Consolidated annual financial statements for the year to 30 June 2023

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

	On 30 June 2023	On 30 June 2022
Revaluation of investment property and investment property cumulative statutory tax allowance	1,061	617
Fiscal losses ¹	1,328	2,120
Deductible interest expense transferred on acquisition of Spark II Portfolio	-	1,064
Deferred tax asset	2,389	3,801
Revaluation of investment property and investment property cumulative statutory tax allowance	(40,828)	(35,260)
Deductible interest expense	5,033	4,333
Other deductible temporary differences	42	304
Deferred tax liability	(35,753)	(30,623)
Net deferred tax liability	(33,364)	(26,822)

¹Of the total fiscal losses carried forward, €1,170 thousand are generated by operating legal entities. Fiscal losses are carried forward if deemed recoverable and were generated as a result of i) leases transferred at acquisition from third parties, with the same terms as negotiated by the previous owners, and ii) non-recoverable expenses incurred in the properties' first years of operation. Under local tax law, fiscal losses may be carried forward up to seven years by Romanian entities, from the date on which they were incurred. The Group expects the relevant subsidiaries to generate taxable income in future fiscal years. The remaining €158 thousand relates to deferred tax assets arising from investment property held for sale.

Management expects the fiscal losses to crystallise against the future profits realised by the entities or through sale of investment property held for sale.

Reconciliation of effective tax rate is presented below.

	Year to 30 June 2023	Year to 30 June 2022
Continuing operations		
Profit before tax	101,258	138,518
Applicable Group weighted average tax rate	11.0%	12.8%
Net tax expense based on applicable Group weighted average tax rate	(11,138)	(17,730)
Reconciling items		
Effect of borrowing costs (used)/carried forward	(347)	3,657
Fiscal losses utilised or expired	481	2,004
Non-deductible expenses	(1,359)	(247)
Non-taxable income	3,793	7,826
Effect of accounting losses for which no deferred tax asset was recognised	(717)	(3,120)
Effect of other taxes applicable in different Group subsidiaries' jurisdictions	(1,257)	(94)
Net taxation	(10,544)	(7,704)
Effective tax rate	10.4%	5.6%
Discontinued operations		
Profit before tax	1,685	9,468
Applicable Group weighted average tax rate	36.8%	6.2%
Net tax expense based on applicable Group weighted average tax rate	(620)	(587)
Reconciling items		
Fiscal losses derecognised	(1,085)	-
Non-taxable income	1,897	3,354
Effect of accounting losses for which no deferred tax asset was recognised	(86)	(1,818)
Effect of other taxes applicable in different Group subsidiaries' jurisdictions	(1,673)	(60)
Net taxation	(1,567)	889
Effective tax rate	93.0%	-9.4%
Weighted average effective tax rate - continuing and discontinued operations	11.8%	4.6%

The applicable Group weighted average tax rate has been determined using the applicable tax rate of each jurisdiction in which the Group operates.

Consolidated annual financial statements for the year to 30 June 2023

Except for the changes related to redomiciliation to Malta of certain entities in the Group and for the changes in applicable tax rates in the Netherlands and UK, there have been no other changes in the applicable tax rates compared to the previous financial year.

The increase in the effective tax rate from 4.6% for the year to 30 June 2022 to 11.8% for the financial year to 30 June 2023 is a result of the following:

- changes in the jurisdictional sources of taxable profits;
- increase in Group weighted average tax rate from acquisition of Spark II Portfolio (six Romanian properties);
- increase in other taxes applicable in different jurisdictions where Group subsidiaries are incorporated and operate, in respect of continuing operations, including withholding tax generated by cash dividend declared and paid by NEPI Rockcastle N.V. and federal and wealth taxes in respect of discontinued operations.
- increase in non-deductible expenses (mostly intragroup) and generated by subsidiary legal entities deemed non-trading comprising of financing and holding entities within the Group;
- fiscal losses for discontinued operations that generated deferred tax assets in prior years which are no longer considered recoverable were derecognised during the period;
- effect of accounting losses for which no deferred tax assets were recognised, and
- effect of borrowing costs used, generating an increase in deferred tax liability; tax legislation applicable allows deduction of such borrowing costs in the determination of income tax payable, indefinitely.

These increases were partially offset by the following items:

- non-taxable income, in respect of continuing operations, due to the gain in fair value of interest rate derivatives income, and coupon from preferred equity following MAS CEE Developments Ltd's redomiciliation to Malta, as these are deemed as non-taxable revenue, as well as the effect of differences between applicable rates used for multiple fiscal brackets in the Netherlands jurisdiction;
- non-taxable income, in respect of discontinuing operations, mainly due to income tax reimbursements and capital gain effects of Langley Park disposal, as the difference between asset's fiscal and accounting base is deemed as non-taxable revenue;
- fiscal losses used during the period, generating a decrease in current income tax payable, and
- fiscal losses generated by Romanian entities for fiscal year to 30 June 2023 which can be used for a period of seven years, net off by fiscal losses used or expired, generating increase in deferred tax assets.

13. Investment property

13.1. Investment property

Accounting policy

1) Investment property – initial recognition and measurement

The Group's investment property is comprised of:

- Income property;
- Development property;
- Land bank; and
- Investment property held for sale.

Income property

Income properties are held to earn rental income, for capital appreciation or for both.

Income property is initially recognised at cost. The cost of income property acquired by any other means than a business combination consists of the purchase price (including related transaction costs) and directly attributable expenditure. Transaction costs include transfer taxes, professional fees for legal services or other relevant fees directly attributable to the transaction and initial leasing commissions to bring the property to the condition necessary for it to be operational.

Subsequent expenditure relating to income property is capitalised when future economic benefits from the use of the asset are probable and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense during the period it is incurred.

After initial recognition, income properties are measured at fair value.

Development property and land bank

Property that is being constructed or developed for future use as income property is classified as development property and carried at cost until construction or development is complete, or until its fair value can be reliably determined.

The land on which development properties are constructed is carried at fair value.

Advances for developments are generally for land bank. Advances are generally subject to pre-conditions to be met by the seller. They are presented as part of development property in the consolidated statement of financial position.

Land bank refers to land plots held for future development. Land bank is initially recognised at cost. The cost of land bank acquired by any other means than a business combination consists of the purchase price (including related transaction costs) and directly attributable expenditure. Transaction costs include transfer taxes, professional fees for legal services or other relevant fees directly attributable to the transaction. After initial recognition, land bank properties are measured at fair value.

Investment property held for sale

An investment property is classified as held for sale when it is expected that its carrying amount will be recovered principally through sale rather than from continuing use.

For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable, the below conditions must be met.

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The measurement requirements of IFRS 5 'Non-current assets held for sale and discontinued operations', do not apply to investment property, as such investment property continues to be measured at fair value once transferred to investment property held for sale.

Leasing fees

Leasing fees incurred before the property was operational are capitalised against the asset to which they relate. These are assumed to have contributed to the decision to develop the property.

Any other leasing fees (for example, incurred, for leases after the property became operational and lease renewals) are presented as current assets and expensed in profit or loss over the lease term to which each leasing fee refers.

Borrowing costs capitalised

Bank loans are allocated to either specific or general borrowings. Specific or general borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. These are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all the development work is completed. The capitalisation of interest is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

2) Investment property – measurement of fair values

Valuation process for level 3 investment property

Fair value of investment property is determined semi-annually, on 30 June and 31 December, by external, independent professional valuers, with appropriate and recognised qualifications and recent experience in the location and category of property being valued. For details of the valuers used by the Group in its valuation process on 30 June 2023, refer to page 69. 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 on the significant unobservable inputs into the valuation techniques used.

Valuation techniques and significant unobservable inputs

Discounted cash flows ('DCF') method

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.

Unobservable inputs used in the DCF valuation model are risk adjusted discount rates, net rental income, net rental income growth, unrecoverable capital expenditures and others, as relevant. The most significant inputs are considered to be the discount rate, net rental income and the valuation yield. The estimated fair value would increase/(decrease) if the expected net rental income was higher/(lower) and/or the yield was lower/(higher).

Capitalisation method

The valuation model considers the value of the property based on its location, size and quality 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 the capitalisation rate and the estimated rental value. The estimated fair value would increase/(decrease) if either the yield 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 build costs. The valuation starts with an estimation of the value of the completed development, normally referred to as the Gross Development Value ('GDV'). Thereafter, various costs to complete the development are deducted (including construction costs, professional fees, marketing fees/costs, borrowing costs, together with the developer's profit); to arrive at a 'residual' site value, which is the price which a developer could afford to pay for the land (and still generate their target profit level). Significant unobservable inputs used in the residual method are the GDV and the profit on GDV. The estimated fair value would increase/(decrease) if the GDV was higher/(lower) or if the target profit was lower/(higher).

Market comparison

The market comparison (or sale comparison approach) is based upon direct comparison of the subject property with other comparable properties, which have been recently sold or are currently offered for sale. The market comparison approach to value is based on the principle of substitution, which states that a prudent purchaser will not pay more for a property than the price of an equally desirable substitute property under similar conditions.

Consolidated annual financial statements for the year to 30 June 2023

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 represent the purchase price for the property. The estimated fair value would increase/(decrease) if the number of the interested parties was higher/(lower) and/or if the availability of comparable properties was lower/(higher), thus altering the acquisition price, or the estimated costs to complete were lower/(higher).

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 offers and costs to complete (excluding transaction costs). 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, or the estimated costs to complete was lower/(higher) and/or, the residential unit price was higher/(lower).

Changes to valuation methods used

There were no changes to valuation methods used in the year to 30 June 2023 compared to the previous year.

The Group's investment property is categorised as detailed below.

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

The carrying value of the Group's investment property is presented below.

		On 30 June 2023	On 30 June 2022
Income-generating property		896,352	859,778
Development property and land bank		5,120	720
		901,472	860,498

Year to 30 June 2023	Note	Income property	Development property and Land bank	Total
Opening balance		859,778	720	860,498
Acquisition of land		-	3,903	3,903
Capitalised expenditure ¹		4,135	316	4,451
Fair value adjustment	10	32,439	181	32,620
Closing balance		896,352	5,120	901,472

¹The Group paid €3,901 thousand in relation to capitalised expenditure during the year to 30 June 2023.

Year to 30 June 2022	Note	Income property	Development property and Land bank	Total
Opening balance		455,696	2,907	458,603
Acquisition of investment properties ¹	4	319,601	-	319,601
Transfer from development property to income property		6,104	(6,104)	-
Capitalised expenditure ²		2,924	3,917	6,841
Fair value adjustment	10	75,453	-	75,453
Closing balance		859,778	720	860,498

¹Effective 30 June 2022, as part of the Spark II Portfolio acquisition, the Group acquired six operational properties, for a consideration price of €319,706 thousand. The investment properties were initially recognised at cost of €319,601 thousand (note 4), calculated as the consideration price of €319,706 thousand less €689 thousand residual value after recognising financial assets and liabilities at fair value, plus transaction costs of €584 thousand.

²The Group paid €6,468 thousand in relation to capitalised expenditure during the year to 30 June 2022.

Bank loans

On 30 June 2023 bank loans of €115,172 thousand were secured against investment property with a carrying value of €325,229 thousand. All bank loans outstanding on 30 June 2022 in the CEE segment were transferred from DJV to MAS following the acquisition of Spark II Portfolio, detailed in note 4.

13.2. Valuation sensitivity analysis**Significant inputs**

The property valuations reflect the external valuers' assessment, and the Group analysed a range of +/- 2.5% for Net Rental Income, a range of +/- 0.25% for NRI/BV (key valuation assumptions) and a range of +/- 0.25% for the discount rate for the sensitivity analysis on the current market conditions, as detailed in the tables below.

Other inputs

Ranges of significant inputs considered by the valuers in their discounted cash flow models (where such method was applied for the assets' valuation) are presented below.

MAS P.L.C.
Consolidated annual financial statements for the year to 30 June 2023

Year to 30 June 2023
Retail assets
Romania
Bulgaria
Poland
Germany – held for sale

Void at expiry (months)	Estimated rental value long-term growth rate	Capex reserve as % of Net Rental Income
3-4	2.5-3.3%	5.0-10.0%
4-5	3.0%	10.0%
6	2.5%	10.0%
9-12	1.0%	9.4%

Year to 30 June 2022
Retail assets
Romania
Bulgaria
Poland
Germany – held for sale

Void at expiry (months)	Estimated rental value long-term growth rate	Capex reserve as % of Net Rental Income
3-4	2.5-3.3%	5.0-10.0%
4-5	3.0%	10.0%
6	2.2%	10.0%
9-12	0.8-1.0%	11.9%

Country/Type	Valuation Method
Investment property, including Investment property held for sale	
CEE income property - continuing operations	
Romania	
Open-air Malls	DCF
Enclosed Malls	DCF
Strip Malls	DCF
Bulgaria	
Enclosed Malls	DCF
Poland	
Enclosed Malls	DCF
WE income property held for sale - discontinued operations	
Germany	
Enclosed Malls	DCF
UK	
Strip Malls	Capitalisation

Sensitivity analysis (variance)					
NRI +2.5% € thousand	NRI -2.5% € thousand	Yield -0.25% € thousand	Yield +0.25% € thousand	Discount rate -0.25% € thousand	Discount rate +0.25% € thousand
23,886	(23,886)	34,288	(31,962)	14,880	(14,623)
22,409	(22,409)	31,260	(29,218)	14,680	(14,323)
11,919	(11,919)	17,094	(15,950)	8,400	(8,190)
4,210	(4,210)	5,916	(5,527)	2,960	(2,890)
1,149	(1,149)	1,422	(1,339)	780	(750)
3,076	(3,076)	4,026	(3,779)	2,110	(2,070)
2,055	(2,055)	2,802	(2,623)	430	(423)
1,477	(1,477)	3,028	(2,744)	200	(300)
1,430	(1,430)	2,983	(2,701)	200	(300)
47	(47)	45	(43)		

Net Rental income (NRI): rental income less non-recoverable property related expenses for properties valued using the discounted cash flow method; estimated rental value for properties valued using the capitalisation method. Information presented in the table above reflects input as included in valuation reports.

All properties except land are valued either by discounted cash flows or by capitalisation method, for the latter the sensitivity analysis for the discount rate is not applicable.

Land is valued either by residual or by firm offers less costs-to-complete method.

The Group does not present any sensitivity analysis for the land, as it is not considered relevant – land is valued considering its best use.

14. Investment in equity-accounted investee

Accounting policy

Equity-accounted investee comprise investments in associates. Associates are entities in which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but does not result in control or joint control of those entities.

Interests in associates are initially recognised at cost including transaction costs. Subsequently, they are accounted for using the equity method. The Group recognises its share of profit or loss and other comprehensive income of the associate from the date on which significant influence commences, until the date on which significant influence ceases. Distributions received from the associates reduce the carrying amount of the investment.

Unrealised losses on transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Cross-shareholdings are eliminated.

Interests in associates are assessed for impairment if there is an impairment indicator. An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

PKM Development Limited

The Group has an investment in PKM Development Limited (incorporated in the Isle of Man and redomiciled to Malta in July 2023) ('PKM Development' or 'DJV'), a holding entity of a group which develops retail, residential and office properties predominantly in Romania, as well as other CEE countries.

The Group owns 40% of the DJV's ordinary shares. The remaining 60% of the ordinary shares are owned by Prime Kapital.

Under the joint venture agreement between MAS and Prime Kapital, Prime Kapital is responsible for all property identification, development and sales, allocation of capital and funding for the DJV, while MAS is responsible for the property and asset management of the DJV's operational/completed properties. MAS assessed it does not have control over the DJV. However, MAS assessed it has significant influence over the DJV through its ability to appoint a director to the DJV's board and hence is accounting for its investment in the DJV as an associate under IAS 28 equity method.

The Group discloses further details on its judgements and estimates regarding its assessment of control and influence over the DJV in note 25.

Carrying value of MAS' ordinary equity investment in PKM Development

	On 30 June 2023	On 30 June 2022
Opening balance	25,202	37,365
Share of profit from equity-accounted investee, net of tax	4,315	40,901
Distribution received	(4,105)	(53,064)
Closing balance	25,412	25,202

In addition to the investment in ordinary shares, the Group has invested in 7.5% preferred equity issued by PKM Development. With effect from 30 June 2022, the Group also made available to the DJV a €30million revolving credit facility. For further details on the preferred equity and revolving credit facility granted to the DJV, refer to note 18.4.

Ordinary, preferred equity and revolving credit facility combined exposure in PKM Development

	On 30 June 2023	On 30 June 2022
Investment in equity accounted investee	25,412	25,202
PKM Development preferred equity (including accrued dividend)	328,467	236,067
PKM Development revolving credit facility	10,482	-
Exposure to PKM Development	364,361	261,269

Holding of MAS shares by PKM Development

PKM Development maintained its cross-shareholding of 70,998,476 MAS shares for both periods presented, valued at €73,143 thousand on 30 June 2023 (30 June 2022: €82,831 thousand). On consolidation, MAS' proportion of 40% of the shares are adjusted to their original cost of €19,570 thousand for both periods presented, so that no gains or losses are recognised on these assets.

Consolidated annual financial statements for the year to 30 June 2023
Summarised financial information of PKM Development

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

Statement of financial position PKM Development	On 30 June 2023	On 30 June 2022
Non-current assets	301,316	224,223
Current assets	217,835	275,468
Total assets	519,151	499,691
Non-current liabilities	371,897	242,242
Current liabilities	59,377	160,409
Total liabilities	431,274	402,651
Net assets	87,877	97,040
Percentage of the Group's ownership interest	40%	40%
Un-adjusted Group share of net assets	35,151	38,816
Elimination of cross-shareholding	(9,798)	(13,673)
Net assets attributable to the Group	25,353	25,143
Capitalised costs	59	59
Carrying amount	25,412	25,202

PKM Development's investment properties have been valued by external independent valuers in a manner consistent with the policies disclosed in note 13.

Statement of profit or loss and other comprehensive income PKM Development	Year to 30 June 2023	Year to 30 June 2022
Gross rental income	3,951	19,190
Service charge income and other recoveries	1,712	7,600
Reversal of impairment/(Impairment) of receivables	10	(87)
Service charge and other property operating expenses	(2,074)	(8,105)
Net rental income	3,599	18,598
Net income - residential property	(846)	6,368
Other income	5,874	6,857
Corporate expenses	(600)	(2,193)
Investment expenses	(928)	(40)
Fair value adjustments	806	84,090
Foreign currency exchange differences	(165)	91
Finance income	363	53
Finance costs	(2,923)	(11,957)
Taxation	(4,083)	7,344
Total profit	1,097	109,211
Percentage of the Group's ownership interest	40%	40%
Total profit and other comprehensive income attributable to the Group	439	43,684
Elimination of fair value adjustment on cross- shareholding	3,876	(2,783)
Group's share of profit	4,315	40,901

PKM Development has no other comprehensive income.

An impairment test was performed on the Group's existing exposure to PKM Development's ordinary equity on 30 June 2023, in accordance with the Group's accounting policies. No impairment arose as a result.

15. Intangible assets

Accounting policy

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of net identifiable assets acquired and liabilities assumed.

Goodwill impairment reviews are undertaken at each reporting date or more frequently if events or changes in circumstances indicate a potential impairment. For impairment testing, assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other cash generating units ('CGUs'). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of the CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to CGU.

An impairment loss is recognised if the carrying amount of the CGU exceeds its recoverable amount. Impairment losses are recognised through profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

	On 30 June 2023	On 30 June 2022
Goodwill	1,696	1,696
Intangible assets	1,696	1,696
	On 30 June 2023	On 30 June 2022
Goodwill		
Spark I portfolio	1,628	1,628
Property Management Platform ("PMP")	68	68
	1,696	1,696

An impairment test was performed on 30 June 2023, in accordance with the Group's accounting policies. No impairment arose as a result.

16. Other non-current assets

Accounting policy

Other non-current assets include interest rate hedging derivative assets, prepaid equity share-based payments, right-of-use assets, guarantees received from property suppliers, property, plant and equipment, and computer and other licenses.

For the accounting policy regarding share-based payments, refer to note 21.2.

Interest rate hedging derivative assets

Interest rate hedging derivative assets are classified as other non-current assets if they meet the criteria to be classified as financial assets at fair value through profit or loss. The Group initially recognises these interest rate hedging derivative assets at the trade date. These derivative assets are subsequently measured at fair value and changes therein are recognised in profit or loss in the period in which they occur.

Right-of-use assets

Rental contracts in respect of corporate offices leased by the Group are typically contracted for fixed periods but may have extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets that meet the definition of investment property are presented within investment property, detailed in note 13.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Consolidated annual financial statements for the year to 30 June 2023

	Note	On 30 June 2023	On 30 June 2022
Interest rate derivatives		8,088	4,562
Property retentions related to disposal of assets		1,392	1,555
Equity-settled share-based payment expense	21.2		
– PK Prepaid Development Services		-	6,120
– Incentive Share Participants		603	1,012
Right-of-use asset		272	336
Property, plant and equipment and other non-current assets		187	349
Total other non-current assets		10,542	13,934

Interest rate derivatives

With the acquisition of Spark II Portfolio, the acquired entities retained their existing secured external debt facilities, which have interest rate caps in place to hedge interest rate exposure. On 30 June 2023 and 30 June 2022, the Group only had interest rate caps as interest rate derivatives.

These interest rate derivatives are classified as financial assets at fair value through profit or loss. Hedge accounting under IFRS 9 has not been applied.

17. Other non-current liabilities**Accounting policy**

Other non-current liabilities include security deposits received from tenants and construction suppliers, with an expiry date of more than one year from the reporting date, as well as lease liabilities and other non-current liabilities. These are measured at amortised cost.

Security deposits from tenants

Deposits from tenants are obtained as a guarantee for returning the property at the end of the lease term in a specified (good) condition. The Group treats such deposits as financial liabilities in accordance with IFRS 9, and they are initially recognised at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease. The deposit is subsequently measured at amortised cost.

Lease liability

Lease liabilities result from the application of IFRS 16.

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.

In determining lease liabilities recognised following the application of IFRS 16 full retrospective approach, the following assumptions were considered:

- Lease payments, as the cash outflows, are discounted using the effective interest rate applicable to each contract;
- Expenses related to variable lease payments are included in the measurement of the lease liabilities;
- Future cash outflows are reflected in the measurement of the lease liabilities;
- Duration of concession agreements in place for right-of-use asset land on which the Group engaged to develop an asset; the concessions have no restrictions or future obligations and can be extended at expiration date.

	On 30 June 2023	On 30 June 2022
Security deposits from tenants	3,709	3,011
Lease liability	2,532	2,642
Security deposits from construction suppliers	475	1,502
Total other non-current liabilities	6,716	7,155

The lease liability of €2,532 thousand refers mainly to a concession agreement transferred from the DJV on 30 June 2022, following the acquisition of one of the Spark II Portfolio entities, disclosed in note 23, and lease liabilities in respect of the Group's office leases, which are subject to IFRS 16.

18. Financial assets**Accounting policy****Financial instruments****Initial recognition and measurement**

Financial instruments are recognised when the Group becomes party to the contractual terms of the instrument. They are initially recognised at fair value plus any directly attributable transaction costs, except for transaction costs attributable to financial instruments classified as at fair value through profit or loss, which are recognised in profit or loss as incurred.

Financial assets

The Group classifies its financial assets into the following categories: financial assets at amortised cost and financial assets at fair value through profit or loss.

Financial assets at amortised cost

Financial assets are classified as financial assets at amortised cost only if both the following criteria are met:

- the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest is the consideration for the time value of money and credit risk associated with the principal amount outstanding.

Consolidated annual financial statements for the year to 30 June 2023

These financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Financial assets measured at amortised cost comprise receivables from preferred equity issued by, and revolving credit facility granted to, PKM Development, as well as cash and cash equivalents and loans granted.

Impairment

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, lease receivables and contract assets.

For lease receivables, trade receivables and contract assets, the Group applies the simplified approach to measuring expected credit losses. Therefore, there is no need to monitor significant increases in credit risk and loss allowance is recognised based on lifetime expected credit losses.

For other financial assets such as PKM Development preferred equity, 12-month expected credit losses are recognised where the financial asset is determined to have a low credit risk and for those financial instruments for which the credit risk has not increased significantly since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition the Group considers both quantitative and qualitative information that is reasonably available and such as: financial position, historic and future operating performance, payment delays, covenant breaches and general economic and market conditions.

Lifetime expected credit losses are expected defaults over the expected life of the financial asset. 12-month expected credit losses are expected defaults within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Write-off

Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they do not meet either criteria for classification of a financial asset at amortised cost or if they are held for trading; derivative financial instruments or financial assets designated as at fair value. The Group initially recognises these financial assets at fair value at the trade date. These financial assets are subsequently measured at fair value and changes therein are recognised in profit or loss in the period in which they occur.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual terms of the asset expire or the asset has been transferred, and the transfer of that asset is subsequently eligible for derecognition.

Financial investments

Financial investments are classified as a financial asset at fair value through profit or loss. The fair value measurement of all the Group's financial investments have 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 adjustments in relation to financial investments represent the full fair value movement of the financial investment portfolio, including fair value movements on purchases and disposals during the year.

Trade and other receivables

The Group's trade and other receivables include financial assets and non-financial assets. The non-financial assets include prepayments, lease incentive accruals and VAT.

Cash and cash equivalents

The Group's cash and cash equivalents are financial instruments and are classified as financial assets at amortised cost.

18.1. Financial investments

Financial investments are measured at fair value on the reporting date with changes in fair value recognised in profit or loss.

The full notional exposure for all positions is disclosed below.

Financial investments NEPI Rockcastle N.V.	Share price €	No of shares '000	Fair value financial investments	Carrying value
On 30 June 2023	5.37	6,800	36,504	36,504
On 30 June 2022	5.12	19,078	97,655	97,655

Reconciliation of financial investments is disclosed below.

	Note	Fair value financial investments
On 30 June 2021		33,580
Cash purchases		78,305
Fair value adjustment ¹	10	(14,230)
On 30 June 2022		97,655
Cash proceeds from disposal		(69,701)
Fair value adjustment - unrealised ¹	10	1,698
Fair value adjustment - realised ¹	10	6,852
On 30 June 2023		36,504

¹ Non-cash flow movements

Consolidated annual financial statements for the year to 30 June 2023

Fair value adjustments in relation to financial investments includes fair value movements on purchases and disposals during the year. During the year gross dividend income of €8,318 thousand (30 June 2022: €4,368 thousand) resulted from the Group's financial investments; refer to note 8. The total fair value gains related to financial investments is €8,550 thousand (30 June 2022: fair value losses €14,230 thousand); refer to note 10.

During the year to 30 June 2023 the Group disposed of 12,278,242 NEPI Rockcastle N.V. listed securities for a consideration value of €69,701 thousand, for a realised profit of €6,852 thousand.

The Group's financial investments in listed securities are used to manage liquidity, including, if necessary, funding commitments to PKM Development.

18.2. Trade and other receivables

	Note	On 30 June 2023	On 30 June 2022
<i>Financial assets</i>			
Receivables from disposals of assets ¹		21,419	12,569
Trade receivables from lessees		9,362	11,669
Other receivables		1,871	1,360
Property retentions related to disposal of assets ²		436	1,299
		33,088	26,897
<i>Non-financial assets</i>			
Equity settled share-based payment expense			
– Incentive Share Participants	21.2	242	104
– PK Prepaid Development Services	21.2	406	4,050
Prepaid expenses		2,507	3,417
VAT and other tax receivables		1,369	3,518
Lease incentive accrual	5.2	240	76
		4,764	11,165
Trade and other receivables		37,852	38,062

¹ Receivables from disposals of assets of €21,419 thousand (30 June 2022: €12,569 thousand) relate to proceeds from disposal of Lewes North Street Quarter of €9,398 thousand (30 June 2022: €10,022 thousand) collected subsequent to year end, and proceeds not yet due in respect of the disposal of Langley Park of €11,797 thousand, New Waverley PA4N of €158 thousand (30 June 2022: €2,489 thousand) and Bruchsal of €66 thousand (30 June 2022: €58 thousand).

² Property retentions related to disposal of assets of €436 thousand (30 June 2022: €1,299 thousand) are amounts receivable, held at amortised cost, in relation to properties disposed, in accordance with the SPAs concluded.

The fair value of trade and other receivables are reasonably approximated by their carrying values.

18.3. Cash and cash equivalents

	On 30 June 2023	On 30 June 2022
Bank balances	60,361	174,176
	60,361	174,176

Bank balances disclosed above and in the consolidated statement of cash flows include €5,624 thousand in cash balances deemed as restricted cash, of which €3,812 thousand for debt service reserve accounts restricted through terms agreed with banks due to secured loans in place and €1,812 thousand tenants' guarantees received.

Cash flow information

Reconciliation of cash generated from operating activities is presented below.

	Note	Year to 30 June 2023	Year to 30 June 2022
Profit for the year - continuing operations		90,714	130,814
Profit for the year - discontinued operations		118	10,357
<i>Adjustments:</i>			
Fair value adjustments	10	(40,289)	(59,549)
Finance income	11	(20,636)	(21,733)
Finance costs	11	20,016	17,981
Share of profit from equity-accounted investees	14	(4,315)	(40,901)
Tax expense	12	12,111	6,815
Investment expenses	9	1,876	3,265
Share-based payment expense		935	1,195
Depreciation and amortisation	7	86	144
Loss from disposal of subsidiary	5.2	-	2,630
Gain on disposal of investment property held for sale	5.2	(5,320)	(11,143)
Foreign exchange differences		2,213	(1,855)
Other income from bonds repurchased	19.1	(1,354)	-
Impairment of share-based payment prepayments	21.2	9,624	-

Consolidated annual financial statements for the year to 30 June 2023

	Note	Year to 30 June 2023	Year to 30 June 2022
Decrease in trade receivables and other operating assets		8,681	79,966
Decrease in trade payables and other operating liabilities		(240)	(71,841)
Cash generated from operating activities		74,220	46,145

18.4. Financial assets – PKM Development preferred equity and revolving credit facility

		On 30 June 2023	On 30 June 2022
Non-current assets			
PKM Development preferred equity (including accrued finance income)		328,467	236,067
PKM Development revolving credit facility		10,482	-
Total financial assets		338,949	236,067

PKM Development preferred equity and revolving credit facility

The Group has committed to fund PKM Development through 7.5% cumulative preferred equity issued by PKM Development. The total committed amount is €470million. The drawdown period is until 23 March 2030. The Group also provides PKM Development with a 7.5% revolving credit facility of €30million until 23 March 2030. The revolving credit facility is aimed at improving cash management in PKM Development and providing short-term flexibility.

There is no limit to the number of preferred equity issues that can be made until the end of the contractually agreed period (i.e. 2030), except that if funding is requested, but not immediately available, the Group's funding obligations are limited to €120million on a rolling six-month basis.

	Note	PKM Development revolving credit facility	PKM Development preferred equity
Balance on 30 June 2021		-	247,734
Non-cash movements			
Income on preferred equity	11	-	21,642
Redemption of preferred equity as part of Spark II Portfolio acquisition	4	-	(46,983)
Accrued coupon settled on Spark II Portfolio acquisition	4	-	(16,708)
		-	(42,049)
Cash movements			
Subscription for preferred equity		-	49,700
Income received on preferred equity ¹		-	(19,318)
		-	30,382
Balance on 30 June 2022		-	236,067
Non-cash movements			
Income on revolving credit facility / preferred equity	11	1,465	19,000
Subscription for preferred equity / drawdown revolving credit facility		4,104	36,827
Proceeds from revolving credit facility		(36,500)	-
Interest received on revolving credit facility		(327)	-
		(31,258)	55,827
Cash movements			
Subscription for preferred equity / drawdown revolving credit facility		52,374	36,573
Proceeds from revolving credit facility		(9,528)	-
Interest received on revolving credit facility ¹		(1,106)	-
		41,740	36,573
Balance on 30 June 2023		10,482	328,467
Total facility		30,000	470,000
Outstanding commitment on 30 June 2023		19,518	160,533
Accrued interest on revolving credit facility/income on preferred equity outstanding on 30 June 2023		32	19,000

¹ Income received on preferred equity and interest received on the revolving credit facility are considered revenue generating activities from both instruments, and in the consolidated statement of cash flows are shown as cash inflows from operating activities.

Consolidated annual financial statements for the year to 30 June 2023

During the year to 30 June 2023, the revolving credit facility drawdowns amounted to €56,478 thousand, of which €4,104 thousand was a non-cash transaction settling ordinary distributions received from PKM Development. During the 2023 financial year €36,827 thousand drawdowns and accrued interest under the revolving credit facility were converted into preferred equity with no cash impact.

Preferred equity may be issued by a single counterparty, PKM Development. Preferred equity and the revolving credit facility have no contractual drawdowns, therefore concentration risk is managed mainly by maintaining sufficient liquidity to match PKM Development's budgeted preferred equity issuance and estimated drawdowns of revolving credit facility. The Group must ensure sufficient liquidity to meet these preferred equity subscription requests and revolving credit facility drawdowns from PKM Development.

The preferred equity and revolving credit facility committed to PKM Development are held at amortised cost.

The Group has performed an expected credit loss assessment on 30 June 2023 and concluded that there has not been a significant increase in credit risk in relation to PKM Development, and that any expected credit loss is not significant in the reporting periods. Expected credit loss assessment is detailed in note 26.

19. Financial liabilities

Accounting policy

The Group's financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss. Financial liabilities are recognised when the Group becomes party to the contractual terms of the liability.

Financial liabilities at amortised cost

All financial liabilities are classified as financial liabilities at amortised cost unless they meet the criteria for classification as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost comprise bank loans and trade and other payables.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are financial liabilities that are held for trading, derivative financial instruments or financial liabilities designated as at fair value.

The Group initially recognises these financial liabilities at fair value at the trade date. These financial liabilities are subsequently measured at fair value and changes therein are recognised in profit or loss in the period in which they occur.

The Group may elect to designate financial liabilities as financial liabilities at fair value that would otherwise meet the criteria to be classified as a financial liability at amortised cost, if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise if the financial liability were measured at amortised cost.

Derecognition of financial liabilities

The Group derecognises a financial liability when it is paid or when the contractual obligations of the liability are extinguished, for example when the obligation specified in the contract is discharged, cancelled or expires.

Trade and other payables

The Group's trade and other payables include financial and non-financial liabilities. The non-financial liabilities include deferred income, provisions, current tax payable and VAT payable.

Bank loans and bonds

Borrowings are recognised initially at the fair value of the liability (determined using the prevailing market rate of interest if significantly different from the transaction price) net of transaction costs incurred. In subsequent periods, borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

In accordance with IFRS 9, borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is extinguished (i.e., discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss.

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The Group considers also the qualitative factors when entering and monitoring in debt instruments contracts, such as monitoring credit ratings.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in the consolidated statement of comprehensive income, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Finance costs include interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or transactions costs relating to borrowings, debt break fees and amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

19.1. Bonds and bank loans

		On 30 June 2023	On 30 June 2022
Non-current			
Bonds		290,752	295,904
Bank loans		108,629	117,144
		399,381	413,048
Current			
Bonds		84	115
Bank loans		45,100	40,546
		45,184	40,661
Total bonds and bank loans		444,565	453,709

Unsecured fixed coupon notes (Bonds)

	Note	On 30 June 2023	On 30 June 2022
Opening balance		296,019	294,738
<i>Changes from financing cash flows</i>			
Bonds repurchased		(5,251)	-
Coupon payment		(12,575)	(12,750)
Transaction costs capitalised		-	(42)
<i>Non cash-flow movements</i>			
Finance costs	11	13,997	14,073
Accrued coupon on bonds		12,539	12,750
Amortisation of bonds discount		676	719
Amortisation of capitalised borrowing costs		782	604
Bond repurchase gain		(1,354)	-
Closing balance		290,836	296,019

The Group issued, in May 2021, fixed coupon notes (bonds) to the value of €300,000 thousand. The bonds are unsecured, 5-year Eurobonds maturing on 19 May 2026, listed on Euronext Dublin, carrying a 4.25% fixed coupon, and were issued at 98.903% of nominal value. On 30 June 2023, the bonds had Moody's and Fitch Ba1 and BB (positive) ratings, respectively, in line with MAS' corporate ratings. Subsequent to year end, Moody's rating agency downgraded these ratings to Ba2 (stable outlook). The bond proceeds were used to refinance Eligible Projects in accordance with the Group's Green Financing Framework, to repay bank loans secured against investment properties in CEE, and for the Spark II Portfolio acquisition.

During the year to 30 June 2023, the Group repurchased bonds for a consideration of €5,251 thousand at a 20.5% discount to their nominal value of €6,605 thousand. Coupon payments in respect of the bonds repurchased amounted to €106 thousand.

On 30 June 2023, the bonds were trading on the market at 82.25% (30 June 2022: 82.79%) of their nominal value. The Group's liability towards bondholders does not vary in line with the market price of listed notes, as on contractual maturity of the bonds, the bond issuer is liable to redeem the notes at their nominal value.

Secured bank loans

Reconciliation of the Group's carrying value of bank loans is detailed below.

	Note	On 30 June 2023	On 30 June 2022
Opening balance		157,690	112,171
<i>Changes from financing cash flows</i>			
Transaction costs related to bank loans		(177)	(87)
Repayment of bank loans		(9,441)	(34,001)
Debt break fees paid		-	(961)
Interest paid		(5,887)	(1,658)
Revolving credit facility drawdowns		5,000	-
<i>Non cash-flow movements</i>			
Transfers of bank loans at disposal of subsidiary		-	(44,576)
Bank loans transferred with Spark II Portfolio acquisition		-	123,544
Finance costs		6,544	2,925
Finance costs – expenses	11	6,544	1,923
Debt break fees expense	11	-	1,002
Foreign currency translation difference		-	333
Closing balance		153,729	157,690

Consolidated annual financial statements for the year to 30 June 2023

Bank loans also include current and non-current debt of €115,172 thousand (30 June 2022: €123,544 thousand) secured against CEE investment properties with a carrying value of €325,229 thousand (30 June 2022: €319,601 thousand), transferred with the acquisition of Spark II Portfolio, with effect from 30 June 2022; refer to note 4. During the financial year to 30 June 2023, the Group made payments of €8,660 thousand in respect of bank loans secured against CEE investment properties.

Bank loans include current debt of €33,508 thousand (30 June 2022: €34,126 thousand) secured against WE investment property held for sale with a carrying value of €56,960 thousand (30 June 2022: €59,224 thousand); refer to note 5.2. The Group made payments of €781 thousand in respect of bank loans secured against WE investment properties held for sale.

The fair values of bank loans are reasonably approximated by their carrying values.

Fixed and variable debt

The Group is subject to both fixed and variable interest rates on its borrowings, as detailed below.

		On 30 June 2023	On 30 June 2022
Fixed debt (including unsecured fixed coupon notes)		324,344	330,145
Variable/hedged debt		120,221	123,564
		444,565	453,709

Summary of borrowings terms and covenants

In accordance with the Group's unsecured fixed coupon notes' offering memorandum, covenant tolerances on issued bonds are disclosed on both IFRS and proportionate consolidation bases, as follows.

		On 30 June 2023	On 30 June 2023	On 30 June 2022	On 30 June 2022
Tolerances		IFRS	Proportionate consolidation basis	IFRS	Proportionate consolidation basis
Solvency Ratio	shall not exceed 0.6	0.31	0.30	0.30	0.29
Consolidated Coverage Ratio	at least 2.5:1	4.25	4.93	3.46	3.70
Unencumbered Consolidated Total Assets/Unsecured Consolidated Total Debt	minimum 180%	360%	369%	379%	407%

Terms in respect of the Group's remaining secured debt are disclosed below.

		Weighted average remaining term		Weighted average interest rate		Significant terms and conditions
Segment	Currency	On 30 June 2023	On 30 June 2022	On 30 June 2023	On 30 June 2022	
WE						All loans are secured against specific investment properties.
Fixed debt	EUR	0.42 years	1.42 years	2.20%	2.20%	
CEE						
Floating/hedged debt ¹	EUR	4.40 years	5.40 years	5.37%	2.64%	

¹The floating/hedged debt relates to the existing CEE secured external debt facilities of €115,172 thousand that have interest rate caps in place to hedge exposure to interest rates, transferred to the Group on 30 June 2022 with the Spark II Portfolio transaction; refer to note 16. Interest rate hedging derivatives are not included in computing weighted average interest rates disclosed in the above table.

On 30 June 2023, the Group has complied with all debt covenants. During the year to 30 June 2022, apart from one bank loan covenant in respect of which a waiver was obtained, the Group has complied with its debt covenants.

Unsecured revolving credit facility

During the year to 30 June 2023, the Group had drawdowns from its revolving credit facility amounting to €5,000 thousand (30 June 2022: nil) from the €20,000 thousand total available amount, at a weighted average interest rate of 6.14%. After the year end, the amount was fully repaid. The remaining term of the facility is 1.16 years.

Consolidated annual financial statements for the year to 30 June 2023

19.2. Trade and other payables

		On 30 June 2023	On 30 June 2022
Trade payables ¹		7,450	8,832
Deferred income ²		6,179	5,323
Current tax payable		2,549	1,743
Security deposits from tenants		1,458	1,111
Construction payables		1,421	701
VAT payable		1,281	1,055
Security deposits from construction suppliers		1,087	532
Other payables		688	699
Lease liability		222	186
Amounts payable for the Spark II Portfolio acquisition		-	89,781
Trade and other payables		22,335	109,963

¹ Trade payables include amounts accrued or payable to property vendors.

² Deferred income comprise advance payments referring to rent and service charges and marketing contribution.

The fair value of trade and other payables is reasonably approximated by their carrying value.

20. Classification, valuation and offsetting of financial assets and financial liabilities

Accounting policy

The Group uses observable market data as far as it is available to measure the fair values of assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as disclosed below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Where the inputs used in the valuation technique fall into more than one category in the fair value hierarchy, the asset or liability is categorised into the lowest level input that is significant in the valuation of that asset or liability.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change occurred.

There were no transfers from/into each level during the current and comparative periods.

On 30 June 2023	Note	Level 1	Level 2	FVTPL	Amortised cost	Non-financial instruments	Total
Financial assets							
PKM Development preferred equity	18.4	-	-	-	328,467	-	328,467
PKM Development revolving credit facility	18.4	-	-	-	10,482	-	10,482
Financial investments	18.1	36,504	-	36,504	-	-	36,504
Trade receivables	18.2	-	-	-	33,088	-	33,088
VAT receivable, prepayments, contract assets and lease incentive accruals	18.2	-	-	-	-	4,116	4,116
Equity-settled share-based payment assets	16; 18.2	-	-	-	-	1,251	1,251
Interest rate derivatives	16	-	8,088	8,088	-	-	8,088
Other non-current assets	16	-	-	-	-	1,851	1,851
Cash and cash equivalents	18.3	-	-	-	60,361	-	60,361
		36,504	8,088	44,592	432,398	7,218	484,208
Financial liabilities							
Bonds	19.1	-	-	-	290,836	-	290,836
Bank loans	19.1	-	-	-	153,729	-	153,729
Trade payables	19.2	-	-	-	12,326	-	12,326
Deferred income, VAT payable and tax payable	19.2	-	-	-	-	10,009	10,009
		-	-	-	456,891	10,009	466,900
On 30 June 2022	Note	Level 1	Level 2	FVTPL	Amortised cost	Non-financial instruments	Total
Financial assets							
PKM Development preferred equity	18.4	-	-	-	236,067	-	236,067
Financial investments	18.1	97,655	-	97,655	-	-	97,655
Trade receivables	18.2	-	-	-	26,897	-	26,897
VAT receivable, prepayments, contract assets and lease incentive accruals	18.2	-	-	-	-	7,011	7,011
Equity-settled share-based payment assets	16; 18.2	-	-	-	-	11,286	11,286
Interest rate derivatives	16	-	4,562	4,562	-	-	4,562
Other non-current assets	16	-	-	-	-	2,240	2,240
Cash and cash equivalents	18.3	-	-	-	174,176	-	174,176
		97,655	4,562	102,217	437,140	20,537	559,894

Consolidated annual financial statements for the year to 30 June 2023

On 30 June 2022	Note	Level 1	Level 2	FVTPL	Amortised cost	Non-financial instruments	Total
Financial liabilities							
Bonds	19.1	-	-	-	296,019	-	296,019
Bank loans	19.1	-	-	-	157,690	-	157,690
Trade payables	19.2	-	-	-	101,842	-	101,842
Deferred income, VAT payable and tax payable	19.2	-	-	-	-	8,121	8,121
		-	-	-	555,551	8,121	563,672

The fair value of all financial instruments is substantially in line with their carrying amount as reflected on the consolidated statement of financial position, except for the bonds and the preferred equity. However, the fair value of bonds and preferred equity might not be relevant, as with respect to the bonds the liability towards bondholders would not vary in line with the market price of its listed notes, and with respect to the preferred equity including any unpaid coupon, the Group intends to hold the preference shares until maturity and collect all principal and coupons outstanding.

On 30 June 2023, the fair value of the preferred equity, after applying the discount rate used by independent external valuers for valuing Romanian real estate properties, was at 75.48% (30 June 2022: 77.92%) of its nominal value. Similarly, the MAS bond traded at 82.25% of its nominal value on the same date. (30 June 2022: 82.79%) of their nominal value.

Level 2 financial instruments

The CEE secured external debt facilities of €115,172 thousand have in place interest rate caps to hedge the interest rate exposure, transferred to the Group on 30 June 2022 with the Spark II Portfolio transaction; refer to note 16. The fair value of the interest rate caps on 30 June 2023 amounts to €8,088 thousand.

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.

On 30 June 2023 and on 30 June 2022

Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Interest rate derivatives – asset	The fair value is based on discounting future cash flows using the interest rate swap curves.	- 3-month EURIBOR - Cap rate	The estimated fair value would increase/(decrease) if: - 3-month EURIBOR was higher/ (lower)

21. Equity
21.1. Share capital, share premium and treasury shares
Accounting policy
Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Share premium

Incremental costs directly attributable to the issue of shares are accounted for as a deduction from consideration received and are recorded in share premium. Share premium reflects the proceeds received (net of allowable costs) in excess of the par value.

Treasury shares

When the Group acquires its own equity instruments and shares under the geared share purchase plan, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

The Group is the shareholder of protected cell companies as separate legal entities formed to hold geared share purchase plan shares granted to eligible staff members invited to participate in the geared share purchase plan scheme, thus the shares are classified as treasury shares.

The reconciliation of share capital, share premium and treasury shares is detailed below.

		Share capital		Share premium	Treasury shares		Total	
	Note	No of shares			No of shares		No of shares	
Balance on 30 June 2021		711,145,729	-	649,529	(6,651,931)	(5,980)	704,493,798	643,549
Nominal value of shares assignment on Company's continuation		-	7,131	(7,131)	-	-	-	-
Issued during the period								
Geared share purchase plan shares issued	21.2	3,500,000	15	3,749	(3,500,000)	(3,764)	-	-
Geared share purchase plan shares forfeited	21.2	300,000	-	(492)	300,000	492	-	-
Geared share purchase plan shares brought back in the scheme	21.2	(300,000)	-	321	(300,000)	(321)	-	-
Shares repurchases		-	-	-	(16,586,906)	(20,090)	(16,586,906)	(20,090)
Balance on 30 June 2022		714,645,729	7,146	645,976	(26,738,837)	(29,663)	687,906,892	623,459

Consolidated annual financial statements for the year to 30 June 2023

		Share capital	Share premium	Treasury shares		Total	
	Note	No of shares		No of shares		No of shares	
Issued during the period							
Geared share purchase plan shares issued	21.2	1,500,000	15	1,506	(1,500,000)	(1,521)	-
Balance on 30 June 2023		716,145,729	7,161	647,482	(28,238,837)	(31,184)	687,906,892

The table below discloses the IFRS net asset value per share.

	On 30 June 2023	On 30 June 2022
Number of ordinary shares in issue	687,906,892	687,906,892
IFRS Net Asset Value per share (eurocents)	140.2	134.9

Share capital

Effective 12 October 2021, MAS P.L.C. redomiciled from British Virgin Islands to Malta. Following the registration of the Company's Memorandum and Articles of association by the Maltese Business Registry, the issued and fully paid-up share capital of the Company has a nominal value of €0.01 each (the actual number of shares in issue is unchanged pursuant to the migration of the Company's legal seat to Malta). Until redomiciliation, the ordinary share capital of the Company had no par value. For the resultant change in presentation of share capital and share premium, refer to note 25.

On 30 June 2023, the issued and fully-paid share capital value is €7,161,457 divided into 716,145,729 ordinary shares with a nominal value of €0.01 each.

Treasury shares – shares repurchases

In May and June 2022, MAS repurchased 16,586,906 of its issued shares (2.3% of the Company's issued share capital) via one of its subsidiaries, at a weighted average share price of €1.21 per share, pursuant to the Company's general authority to repurchase shares. The nominal value of the shares repurchased is €165,869 (2.3% of subscribed share capital). The shares were not cancelled, consequently the cost of shares repurchased of €19,989 thousand including incremental costs of €101 thousand were deducted from the equity attributable to the owners of the Group, as treasury shares.

Treasury shares - geared share purchase plan shares

During the financial year to 30 June 2023, 1,500,000 shares were issued in the geared share purchase plan at €1.0141 per share, of which €15 thousand as share capital (€0.01 per share), and a share premium of €1,506 thousand; refer to note 21.2.

During the year to 30 June 2022, 3,500,000 shares were issued in the geared share purchase plan, of which 2,000,000 shares were issued in September 2021 at a value of €2,059 thousand, reflected in share premium. Additionally, 1,500,000 shares were issued subsequent to MAS P.L.C.'s redomiciliation to Malta, in March 2022, at €1.1364 per share, of which €15 thousand share capital (€0.01 per share), and a share premium of €1,690 thousand; refer to note 21.2.

Distributions

Company's shareholders are entitled to distributions as declared by the Board and to vote at the Company's general meetings. Distributions can be paid by the Company from retained earnings or as a return of capital.

During the year to 30 June 2023 and the year to 30 June 2022, the following distributions were paid by the Group.

Distribution to shareholders of the Group	On 30 June 2023	On 30 June 2022
In respect of the six-month period to 31 December 2022	(29,993)	-
In respect of the six-month period to 30 June 2022	(26,278)	-
In respect of the six-month period to 31 December 2021	-	(20,854)
In respect of the financial year to 30 June 2021	-	(41,777)
	(56,271)	(62,631)

21.2. Share-based payment arrangements
Accounting policy

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. A corresponding increase is recognised in the share-based payment reserve.

Non-forfeitable distributions paid as part of the share-based payment awards are included within the fair value at the grant date of the share-based payment. Options are forfeited if the employee leaves the Group before the options vest.

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

Geared share purchase plan shares (treasury shares)

Geared share purchase plan shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. When geared share purchase plan shares are sold or issued subsequently, the amount received or paid is recognised within equity and the resulting surplus or deficit on the transaction is recognised within share capital and share premium. Where unvested share purchase plan shares are forfeited by participants, the shares are available to re-allocate to other participants.

Estimated participant's tax obligation payable or due to tax authorities at sale of shares, could not be reliably determined, as the shares have gradual vesting patterns and would depend on the price of shares on the date of sale.

In terms of these, the Group granted participants a loan to acquire shares issued by the Group. The loans accrue interest at the weighted average cost of debt of the Group. If distributions are declared, the participants are entitled to distributions on all their shares, irrespective of vesting. A portion of any distribution received must be used to settle the interest accrued on the loan. Recourse on the loans is limited to the value of the shares acquired plus any unpaid interest accrued, and the shares are pledged as security for repayment of the loan.

On 30 June 2023, the Group had the following share-based payment arrangements:

- Incentive Share Participants;
- PK Prepaid Development Services, and
- Geared share purchase plan.

The Incentive Share Participants and the PK Prepaid Development Services are remaining arrangements (the '2019 Transaction Share-Based Payments') as a result of the 2019 Transaction. Share-based payment arrangements in respect of Executive Management are no longer in place, as described below.

Incentive Share Participants

In accordance with the terms of the 2019 Transaction, Prime Kapital had placed 5% (3,350,000 shares) of the Consideration Shares in reserve to be allocated to existing and future employees and service providers, who directly or indirectly provide services to or for the benefit of MAS through the Property Management Platform or as otherwise required by MAS from time to time (the 'Incentive Share Participants'). The incentive shares are held in a trust for the benefit of Incentive Share Participants. The shares are treated as equity share-based payments in accordance with the requirements of IFRS 2 'Share-based Payments'.

The terms have been communicated to participants and the grant date was determined as 1 September 2020 with a grant date fair value of €0.5525 per share.

The incentive shares were initially recognised as a prepaid employee service asset of €3,866 thousand. The prepaid employee service asset is released to the statement of profit or loss as a share-based payment expense over the vesting period.

For the financial year to 30 June 2023, the Incentive Share Participants share-based payment expense was €272 thousand (30 June 2022: €360 thousand).

The remaining prepaid balance is allocated between non-current and current assets based on the expected remaining vesting period. The non-current prepaid employee service asset on 30 June 2023 was €603 thousand (30 June 2022: €1,012 thousand), refer to note 16. The current prepaid employee service asset is included in trade and other receivables and amounted to €242 thousand on 30 June 2023 (30 June 2022: €104 thousand), refer to note 18.2.

PK Prepaid Development Services

In accordance with the terms of the 2019 Transaction, Prime Kapital committed to provide property development services in relation to the refurbishment, extension and redevelopment of commercial real estate assets previously held within the IJV ('IJV assets') on a cost recovery basis. The development services are a result of a pre-existing relationship that was in place before the 2019 Transaction, and with Prime Kapital acting as a counterparty, not a shareholder of the Group. Providing the services below market value (cost recovery basis) resulted in an equity-settled share-based payment arrangement with a non-employee.

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 (prepayment for development services) had been recognised at the 27 November 2019 transaction date for the 8,813,237 Consideration shares allocated to these development services.

Services have to be performed in a 5-year period from the Transaction date (also considered the vesting period). The prepayment is reduced with the difference between the market value and the cost of services received, as and when services are received.

Management performs an annual impairment test for these prepaid services recognised. In assessing the recoverable amount, management takes into consideration the probability of benefitting from these services provided for the IJV assets, before the expiry of the vesting period.

On 30 June 2023, considering the Group's development and extension plans for the IJV assets, management assessed it is unlikely material benefits will be derived from these services during the remaining vesting period. An impairment of €9,624 thousand resulted from this assessment (30 June 2022: nil). The PK Prepaid Development Services that have suffered an impairment will be reviewed for possible reversal of the impairment at each future reporting date.

It remains the Group's intention to utilise the development management services in the future and to benefit from this arrangement. An impairment does not have any impact on the existing contractual arrangements.

Executive Management

In accordance with the terms of the 2019 Transaction, Martin Slabbert and Victor Semionov, were not paid any remuneration during the three-year Lock-In period from the date of the 2019 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 equity-settled share-based payment expenses, which represent the value of the Share-based payment in relation to IFRS 2 for the respective executives based on their estimated implied remuneration. The treatment did not affect the commercial structure of the 2019 Transaction, and Martin Slabbert and Victor Semionov did not receive cash or other actual remuneration for the duration of the Lock-In period (or their mandates as Executive or Non-Executive Directors of the Company).

Victor Semionov and Martin Slabbert stepped down from their executive roles on MAS' Board on 26 August 2021 and on 21 April 2022, respectively. The remaining value of their estimated implied remuneration previously recognised as a prepaid share-based payment until the end of the Lock-In period, as described above, was an accelerated expense in the financial year to 30 June 2022.

During the financial year to 30 June 2022, €268 thousand were expensed in respect of Victor's implied remuneration and €316 thousand in respect of Martin's implied remuneration (refer to note 27). In addition, the share-based payment expense during the year to 30 June 2022 included the expense accelerated for the period after the former directors stepped down from their executive roles. During the financial year to 30 June 2023 no additional share-based payment expense has been recognised in the consolidated statement of profit or loss relating to the Executive Management shares (30 June 2022: €1,008 thousand), and no remuneration was paid to them during their mandates.

Consolidated annual financial statements for the year to 30 June 2023
Geared share purchase plan

Eligible members of staff invited to participate in the geared share purchase plan are awarded loans to acquire Company shares at the five-day volume weighted average price of a share on the JSE, immediately preceding the grant date. The loans attract interest at a rate equal to MAS' weighted average cost of debt and are non-recourse loans.

Shares are unlocked in accordance with the scheme rules, and participants may only dispose of unlocked shares. Locked shares are forfeited, without compensation, if a participant leaves the Group prior to unlocking. Participants in the geared share purchase plan are entitled to receive dividend payments less interest accumulated on applicable loans. Proceeds from any disposal of unlocked shares are initially used to repay the corresponding loan and accrued, but unpaid, interest, with the surplus distributed to the participant.

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

Below is a reconciliation showing the impact of the geared share purchase plan on the share-based payment reserve; a reconciliation of outstanding loans and number of shares, including grant date fair values and the remaining loan terms.

Reconciliation of share-based payment reserve

	Year to 30 June 2023	Year to 30 June 2022
Opening balance	1,370	1,233
Share-based payment recognised during the year	663	559
Non-forfeitable distribution	(431)	(422)
Closing balance	1,602	1,370

Reconciliation of outstanding loans and shares

On 30 June 2023	Geared share purchase plan		
	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	10,151,931	€1.1667	€0.9954
Forfeited and held for sale*	(1,650,000)	-	-
Granted (at a price of €1.0141 per share)	1,500,000	-	€0.0228
Interest	-	-	€ 0.0307
Interest repayment	-	-	(€ 0.0510)
Share price movement	-	(€0.1365)	-
Closing outstanding balance	10,001,931	€1.0302	€0.9979
Exercisable	-	-	-

*By 30 June 2023, 1,650,000 shares were forfeited and are held for sale. As the shares have not been sold and the related loans not settled, loans outstanding in respect of these shares are still recognised at €1.6740 per share, having an impact in the weighted average loan per share.

On 30 June 2022	Geared share purchase plan		
	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	6,651,931	€1.0690	€0.9617
Granted (at an average price of €1.0843 per share)	3,800,000	-	€1.0831
Forfeited	(300,000)	-	(€1.0418)
Interest	-	-	€0.0310
Interest repayment	-	-	(€0.0386)
Share price movement	-	€0.0977	-
Closing outstanding balance	10,151,931	€1.1667	€0.9954
Exercisable	1,650,000	€1.1667	€1.6775

The remaining term of the loans in relation to the geared purchase plan is disclosed below.

	On 30 June 2023	On 30 June 2022
Shares granted	3.70 - 9.74 years	4.70 - 9.69 years

Accounting policy

The Group presents IFRS basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the IFRS weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Headline earnings is derived from basic earnings adjusted for re-measurements that relate to the capital platform of the Group per Circular 1/2023 issued by the South African Institute of Chartered Accountants.

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the IFRS weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

IFRS Basic earnings per share

The computation of IFRS basic earnings per share is based on the profit attributable to ordinary shareholders and the IFRS weighted-average number of ordinary shares outstanding on the relevant date.

	Year to 30 June 2023	Year to 30 June 2022
Opening issued ordinary shares	687,906,892	704,493,798
Effect of shares repurchased	-	(1,081,820)
IFRS Weighted-average number of ordinary shares (basic)	687,906,892	703,411,978
Profit from continuing operations attributable to owners of the Group	90,714	130,814
Profit from discontinued operations attributable to owners of the Group	118	10,357
IFRS Weighted-average number of ordinary shares (basic)	687,906,892	703,411,978
IFRS Basic earnings per share (eurocents)	13.20	20.07
<i>IFRS Basic earnings per share (eurocents) - continuing operations</i>	<i>13.19</i>	<i>18.60</i>
<i>IFRS Basic earnings per share (eurocents) - discontinued operations</i>	<i>0.02</i>	<i>1.47</i>

IFRS Diluted earnings per share

The computation of IFRS diluted earnings per share is based on the IFRS weighted average number of ordinary shares outstanding on the relevant date after adjusting for the effects of all potential dilutive ordinary shares.

Management considers all geared share purchase plan shares that are 'in the money' at the relevant reporting date as dilutive of that period. The market value of the Company's shares for the purpose of computing if the share options are 'in the money' is based on quoted market prices at each reporting date and this value is compared to the loan per each share outstanding at the same date.

	Year to 30 June 2023	Year to 30 June 2022
IFRS Weighted-average number of ordinary shares (basic)	687,906,892	703,411,978
Effect of share options [^]	8,892,342	7,005,767
IFRS Weighted-average number of ordinary shares (diluted)	696,799,234	710,417,745
Profit from continuing operations attributable to owners of the Group	90,714	130,814
Profit from discontinued operations attributable to owners of the Group	118	10,357
IFRS Weighted-average number of ordinary shares (diluted)	696,799,234	710,417,745
IFRS Diluted earnings per share (eurocents)	13.04	19.88
<i>IFRS Diluted earnings per share (eurocents) - continuing operations[^]</i>	<i>13.02</i>	<i>18.41</i>
<i>IFRS Diluted earnings per share (eurocents) - discontinued operations[^]</i>	<i>0.02</i>	<i>1.46</i>

[^]See note 25 for details of restated IFRS Diluted earnings per share (eurocents) for the financial year to 30 June 2022.

Consolidated annual financial statements for the year to 30 June 2023

Headline earnings and IFRS diluted headline earnings per share

	Note	Year to 30 June 2023		Year to 30 June 2022	
		Gross	Net	Gross	Net
Profit for the period attributable to ordinary shareholders - continuing operations		90,714	90,714	130,814	130,814
Profit for the period attributable to ordinary shareholders - discontinued operations		118	118	10,357	10,357
<i>Adjusted for:</i>					
Fair value gain on investment property	10	(32,620)	(20,866)	(75,453)	(63,906)
Impairment of share-based payment prepayments	21.2	9,624	9,624	-	-
Fair value gain on investment property in associate		(3,846)	(3,230)	(30,854)	(28,071)
Fair value loss on investment property held for sale	10	4,347	3,740	1,763	1,763
Loss from associate's disposal of subsidiaries		-	-	138	138
Gain on disposal of investment property held for sale	5.2	(5,320)	(5,092)	(11,347)	(11,254)
Loss on disposal of investment property held for sale	5.2	-	-	204	204
Foreign exchange loss/(gain) previously recognised in OCI recycled on disposal/liquidation of subsidiaries	5.2	1,871	1,871	(2,625)	(2,625)
Loss from disposal of subsidiary	5.2	-	-	2,630	2,630
Headline earnings		64,888	76,879	25,627	40,050
<i>Headline earnings per share</i>					
IFRS Weighted-average number of ordinary shares (basic)			687,906,892		703,411,978
Headline earnings per share (eurocents)			11.18		5.69
<i>IFRS Diluted headline earnings per share</i>					
IFRS Weighted-average number of ordinary shares (diluted)^			696,799,234		710,417,745
IFRS Diluted headline earnings per share (eurocents)^			11.03		5.64

^See note 25 for details of restated IFRS Diluted headline earnings per share (eurocents) for the financial year to 30 June 2022.

The JSE Listings Requirements require the computation of headline earnings and IFRS diluted headline earnings per share and the disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the computation of IFRS 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 assessment of the Group's performance.

22. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities.

23. Commitments

The Group has committed to fund PKM Development through 7.5% cumulative preferred equity issued by PKM Development. As described in note 4, the total committed amount increased, with effect from 30 June 2022, with €50million, up to a total of €470million. The outstanding commitment on the reporting date is €160.5million (30 June 2022: €233.9million) and it is expected this will be invested by 23 March 2030.

With the 2022 Transaction, the Group entered into an agreement for the extension of the drawdown period in relation to the funding committed to the DJV by five years, to 2030 and a deferment of five years, to 2035, of the date on which MAS is entitled to give written notice to the DJV parties to liquidate the assets of, redeem the preferred equity, and voluntarily dissolve the DJV, refer to note 4.

With effect from 30 June 2022, MAS provided the DJV with a €30million revolving credit facility at a fixed interest rate of 7.5%, for the duration of the drawdown period applicable to preferred equity. On 30 June 2023 the available undrawn commitment amounted to €19.5million.

On 28 February 2019, the Group acquired nine properties (collectively referred to as the 'Spark I Portfolio') from PKM Development through the acquisition of 100% of the share capital of their holding companies. In the years following the acquisition, PKM Development may develop extensions for three of the completed properties on adjacent land plots. The Group has granted PKM Development an option ('the put option'), under the terms of which it can sell these completed extensions to the Group at an acquisition yield of 7.5% until 28 February 2024, if developed over the five years following the acquisition, and thereafter at an acquisition yield equating to the latest valuation yield of the relevant property. The extensions have been completed in the financial year to 30 June 2023. The put option is outside the scope of IFRS 9 'Financial Instruments' as it relates to the 'own use' exemption (i.e. the purpose of entering into the contract was to meet the Group's expected purchase, sale or usage requirements and cannot be settled on a net basis). Accordingly, it was not accounted for as a derivative financial instrument. Instead, the Group considered the principles of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and concluded that no onerous contract should be recognised.

Future minimum lease payments

With the Spark II Portfolio acquisition, a concession agreement was transferred from the DJV, effective 30 June 2022, relating to the land on which Dambovita Mall was built. On 17 November 2017, Dambovita Mall SRL (formerly PK Grizzly SRL) was awarded the tender for 49-year building rights on a 6.88 ha land plot in Targoviste owned by the Dambovita County Council. The initial annual fee was approximately €104 thousand (on transfer, the annual fee was €114 thousand). This fee is increased annually with inflation and is subject to a one-off increase of up to 20% on the tenth anniversary of the contract. The terms of the contract offer an option of extending the concession for a further 49 years. For lease liabilities related to the recognised concession agreement, refer to note 17.

24. Events after the reporting date

Disposal of financial investments

Subsequent to the reporting date, the Group disposed of the remaining shares in NEPI Rockcastle N.V., for a consideration of €37,626 thousand. This will result in a profit before tax of €1,122 thousand in the next reporting period.

Preferred equity and revolving credit facility

By 31 August 2023, PKM Development drew down a further €19,550 thousand of the PKM Development revolving credit facility.

Credit rating downgrade

Moody's rating agency downgraded the Group's corporate credit rating and that assigned to its unsecured fixed coupon notes (bonds), from Ba1 (positive outlook) to Ba2 (stable outlook).

25. Critical accounting estimates, judgements and errors

The Board has made judgements, accounting estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts in the consolidated annual financial statements. The Directors continually evaluate these judgements and accounting estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses based on 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 accounting estimates** are disclosed below.

Determination of whether acquisition of Spark II Portfolio is a business combination or an asset acquisition

The Group applied judgements and elected to apply the optional concentration test under IFRS 3 'Business Combinations' to determine whether the acquisition of the six entities in Spark II Portfolio, is a business combination or an asset acquisition. As the optional concentration test criteria was met, management concluded that the acquisition was an asset acquisition and was accounted for under IAS 40 'Investment property'.

Determination of whether disposal of investment property represents discontinued operations

Management concluded that the sale of the Western European assets represents an identifiable segment of the business and forms part of a co-ordinated disposal plan. The management remains committed to finalise the disposal plan. As noted below, the WE assets segment met the criteria for 'held for sale', therefore, in accordance with IFRS 5, the entire segment has been treated as a discontinued operation and the results for the current and prior year have been separately disclosed from the rest of the business.

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 segment of investment property, and it assessed the IFRS 5 criteria and concluded for the WE assets the criteria were met.

Determination of whether MAS has control over the DJV

Management applied significant judgements to determine whether, in accordance with IFRS 10, MAS (the investor) controls the DJV (the investee), whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In accordance with IFRS 10, an investor controls an investee if and only if the investor has each of the following three elements of control:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

Management concluded that MAS does not have power over the DJV. By analysing MAS' involvement in the DJV's relevant activities, management concluded MAS does not control the DJV. The analysis of power also indicates that there is no joint control as the power over the most relevant activities is held by Prime Kapital (PK) and it is not shared between MAS and PK. Furthermore, management also concluded that unanimous voting required in relation to restricted matters are not related to relevant activities, it is a protective right and does not create joint control. However, MAS does have significant influence over the DJV through its ability to appoint a director to the DJV's board and through asset managing the DJV's completed/operational commercial properties.

The **key areas of estimation uncertainty** are disclosed below.

Valuation of investment properties and investment properties held for sale

The Group uses external professional valuers to determine the fair values of investment properties. The external property valuation experts use recognised valuation techniques and apply the principles of IFRS 13 'Fair Value Measurement'. The primary source of evidence for property valuations is recent, comparable market transactions on an arms' length basis. However, the valuation of the Group's property assets is inherently subjective, as it is based on valuers' assumptions which may prove to be inaccurate. The methods and significant assumptions used by the valuers in estimating fair value are set out in note 13.

Valuation of financial instruments

In determining the fair value of financial instruments measured at fair value through profit or loss, the Group is required to make estimations of inputs in determining fair value. The methods and significant assumptions used in estimating fair value are set out in note 20.

Loan commitments

The Group has committed to finance PKM Development by investing in preferred equity or via the available revolving credit facility; refer to note 23. Judgements are made to assess the market related rate of these loan commitments, the expected credit loss on default and the probability of default. Expected credit loss disclosure is provided in note 26.

Consolidated annual financial statements for the year to 30 June 2023
Presentation of share capital and share premium

As described in note 21.1, effective 12 October 2021, MAS P.L.C., the Group's parent company has been redomiciled from British Virgin Islands to Malta and the issued and fully paid-up share capital of the Company amounted to €7,131,457 divided into 713,145,729 ordinary shares having a nominal value of €0.01 each. Until redomiciliation, the ordinary share capital of the Company had no par value. As such, the Group has reflected the issued and fully-paid up share capital of €7,131,457 separately from share premium on the consolidated statement of financial position, and as a movement between share capital and share premium in the consolidated statement of changes in equity.

The **errors** are disclosed below.

Restatement of IFRS Diluted earnings and headline earnings per share (eurocents)

Due to a computational error of the line 'Effect of share options' in note 21.3 affecting the IFRS Weighted average number of ordinary shares (diluted), the IFRS Diluted earnings and headline earnings per share lines items have been restated for the financial year to 30 June 2022. IFRS Weighted average number of ordinary shares (diluted) increased by 4,686,171 shares for the financial year to 30 June 2022.

The table below shows the differences between previously stated and restated IFRS Diluted earnings per share numbers.

	Year to 30 June 2022 (Restated)	Year to 30 June 2022 (As previously stated)	Effect on 30 June 2022
IFRS Diluted earnings per share (eurocents) - total	19.88	20.01	(0.13)
<i>IFRS Diluted earnings per share (eurocents) – continuing operations</i>	<i>18.42</i>	<i>18.54</i>	<i>(0.12)</i>
<i>IFRS Diluted earnings per share (eurocents) - discontinued operations</i>	<i>1.46</i>	<i>1.47</i>	<i>(0.01)</i>

The table below shows the differences between previously stated and restated IFRS Diluted headline earnings per share numbers.

	Year to 30 June 2022 (Restated)	Year to 30 June 2022 (As previously stated)	Effect on 30 June 2022
IFRS Diluted headline earnings per share (eurocents) - total	5.64	5.67	(0.03)

There is no impact on the Group's primary statements (consolidated statement of profit or loss, financial position, changes in equity, cash flows) or Diluted adjusted distributable earnings per share (eurocents) (disclosed in note 3) which is used to calculate distributions to shareholders. The Directors do not use IFRS Diluted earnings per share or IFRS Diluted headline earnings per share in their assessment of the Group's performance.

26. Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Liquidity risk;
- Market price risk;
- Interest rate risk: fair value interest rate risk and cash flow interest rate risk;
- Foreign exchange risk; and
- Credit risk.

Liquidity risk

The risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities arises when the maturity of assets and liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has an internal treasury function focused on ensuring the efficient and prudent use of cash and availability of working capital, including future cashflows and liabilities.

The main liquidity risk inherent in the business is derived from the changes in the debt markets and the increased cost of current and future anticipated debt funding. Management expects interest rates to remain at higher levels for longer than previously anticipated, which has a direct impact on the cost and potential availability of debt.

These might have an impact on the Group's ability to cover interest and capital payments on bank loans, as well as subscribing for PKM Development preferred equity. To mitigate these risks, the Group has put in place a debt management plan to raise bank funding secured against its unencumbered properties in CEE aimed at reducing refinancing risks associated with its bond maturity in May 2026. The Group also concluded a disposal process of its financial investments in NRP after the reporting date, to assist in maintaining adequate cash resources. On 30 June 2023, the Group had an undrawn bank revolving credit facility of €15,000 thousand and subsequent to the reporting date has secured €134.8million in bank debt funding. Drawing down on these facilities remains subject to banks' risk and credit approval processes, final terms being agreed, and conditions precedent being fulfilled.

Furthermore, to protect the Group against risks brought about by taking on high levels of debt capital, the Board took the decision to tighten the self-imposed loan-to-value ratio to 35% after year-end.

The Board further resolved to retain dividends to ordinary shareholders until such time as the Group's medium-term funding commitments are sufficiently covered.

The following reflects contractual maturities of payments and includes interest and bond coupon payments for the entire duration of contractual maturities, where applicable.

On 30 June 2023	Note	1-6 months	6-12 months	1-3 years	>3 years	Total
Capital commitments	23	139,518	40,533	-	-	180,051
- PKM Development preferred equity		120,000	40,533	-	-	160,533
- PKM Development revolving credit facility		19,518	-	-	-	19,518
Bonds		-	12,469	318,334	-	330,803
Bank loans		45,374	6,130	45,694	79,980	177,178
Trade and other payables		12,326	-	-	-	12,326
		197,218	59,132	364,028	79,980	700,358

Consolidated annual financial statements for the year to 30 June 2023

On 30 June 2022	Note	1-6 months	6-12 months	1-3 years	>3 years	Total
Capital commitments	23	150,000	113,933	-	-	263,933
- PKM Development preferred equity		120,000	113,933	-	-	233,933
- PKM Development revolving credit facility		30,000	-	-	-	30,000
Bonds		-	14,099	28,268	312,615	354,982
Bank loans		6,452	6,711	55,102	112,710	180,975
Trade and other payables		101,842	-	-	-	101,842
		258,294	134,743	83,370	425,325	901,732

Preferred equity may be issued by a single counterparty, PKM Development. Preferred equity has no contractual drawdowns, therefore concentration risk is managed mainly by maintaining sufficient liquidity to match PKM Development's budgeted preferred equity issuance. The maturity disclosure represents PKM Development's maximum issuance and does not reflect budgeted or expected issuance of preferred equity. However, there is no limit on the number of preferred equity issues that can be made until the end of the contractually agreed period (i.e. 2030), except that if funding is requested, but not immediately available, the Group's funding obligations are limited to €120million on a rolling six-month basis. The outstanding commitment on 30 June 2023 amounts to €160,533 thousand (30 June 2022: €233,933 thousand).

Market price risk

The risk that the market price of an investment or financial instrument will fluctuate due to changes in market interest rates, market factors specific to the security or its issuer or factors generally affecting all such investments.

The risk for the Group arises as a result of an imbalance between supply and demand for the relevant investments and financial instruments in the portfolio, which could potentially lead to a disorderly market. Market price risk is mitigated through a combination of extensive initial market research prior to the asset acquisition and ongoing monitoring of the share price of the listed real estate equity securities.

The breakdown of market risk exposure to financial investments is as below.

	Notional exposure		Gross exposure	
	On 30 June 2023	On 30 June 2022	On 30 June 2023	On 30 June 2022
Financial investments				
in NEPI Rockcastle N.V.	36,504	97,655	36,504	97,655
	36,504	97,655	36,504	97,655

On 30 June 2023, if market prices had been 5% (30 June 2022: 5%) higher/lower, with all other variables held constant, pre-tax profit for the year would have been €1,825 thousand (30 June 2022: €4,883 thousand) higher/lower. The change in pre-tax profit for the year generally has a linear relationship with the percentage change in market price. However, due to the Group disposing of all shares held subsequent to the reporting date, there is no remaining market price risk associated with financial investments.

Interest rate risk

A significant part of the funding of the Group's portfolio derives from debt. Debt is actively managed, with interest rate derivatives (caps or swaps) used to hedge against adverse movements in interest rate, if applicable.

The carrying amount of assets and liabilities affected by interest risk are as follows below.

	On 30 June 2023				
	Fixed rate	Variable rate	No exposure	Non-financial instruments	Total
Assets					
Financial investments	-	-	36,504	-	36,504
Financial assets	338,949	-	-	-	338,949
Other non-current assets (Interest rate derivatives)	-	8,088	-	-	8,088
Trade and other receivables	-	-	33,088	4,764	37,852
Cash and cash equivalents	-	60,361	-	-	60,361
	338,949	68,449	69,592	4,764	481,754
Liabilities					
Bonds	290,836	-	-	-	290,836
Bank loans	33,508	120,221	-	-	153,729
Trade and other payables	-	-	12,326	10,009	22,335
	324,344	120,221	12,326	10,009	466,900
	On 30 June 2022				
	Fixed rate	Variable rate	No exposure	Non-financial instruments	Total
Assets					
Financial investments	-	-	97,655	-	97,655
Financial assets	236,067	-	-	-	236,067
Other non-current assets (Interest rate derivatives)	-	4,562	-	-	4,562
Trade and other receivables	-	-	31,051	7,011	38,062
Cash and cash equivalents	-	174,176	-	-	174,176

Consolidated annual financial statements for the year to 30 June 2023

	On 30 June 2022			
	Fixed rate	Variable rate	No exposure	Non-financial instruments
	236,067	178,738	128,706	7,011
Liabilities				
Bonds	296,019	-	-	-
Bank loans	34,126	123,564	-	-
Trade and other payables	-	-	101,842	8,121
	330,145	123,564	101,842	8,121
				550,522

Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate debt and the fixed coupon on preferred equity at fair value through profit or loss. Therefore, a change in interest rates would not affect profit or loss. Refer to notes 19 and 20.

Cash flow sensitivity for variable rate instruments

On the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, pre-tax profit for the year would have been €293 thousand (30 June 2022: €577 thousand) lower/higher, arising mainly as a result of the higher/lower interest expense on variable borrowings. This sensitivity analysis assumes that all other variables remain constant.

Foreign exchange risk

The Group is exposed to currency risk as it holds both assets and liabilities denominated in currencies other than the euro, the presentation currency. The value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. Currency risk is mitigated as management regularly monitors foreign exchange rates in relation to assets and liabilities. In addition, efforts are made to match foreign currency assets and liabilities to mitigate any foreign exchange risk.

On 30 June 2023, the Group had the following currency exposures.

	GBP	CHF	ZAR	PLN	BGN	RON
Closing exchange rate	1.1651	1.0217	0.0486	0.2244	0.5113	0.2015
FINANCIAL INSTRUMENTS – ASSETS						
Trade and other receivables						
Foreign currency	18,465	267	-	6,627	4,561	41,161
Euro equivalent	21,513	273	-	1,487	2,332	8,293
Cash and cash equivalents						
Foreign currency	1,497	129	23,404	2,178	1,922	17,066
Euro equivalent	1,744	132	1,137	489	983	3,438
FINANCIAL INSTRUMENTS – LIABILITIES						
Trade and other payables						
Foreign currency	1,772	32	-	7,443	4,164	64,271
Euro equivalent	2,064	33	-	1,670	2,129	12,949
Total net financial asset exposure						
Foreign currency	18,190	364	23,404	1,362	2,319	(6,044)
Euro equivalent	21,193	372	1,137	306	1,186	(1,218)

On 30 June 2022, the Group had the following currency exposures.

	GBP	CHF	ZAR	PLN	BGN	RON
Closing exchange rate	1.1652	1.0040	0.0588	0.2132	0.5113	0.2022
FINANCIAL INSTRUMENTS – ASSETS						
Trade and other receivables						
Foreign currency	11,399	723	-	5,694	4,706	56,117
Euro equivalent	13,283	726	-	1,214	2,406	11,345
Cash and cash equivalents						
Foreign currency	4,897	2,093	5,866	4,225	3,196	22,468
Euro equivalent	5,706	2,101	345	901	1,634	4,542
FINANCIAL INSTRUMENTS – LIABILITIES						
Trade and other payables						
Foreign currency	1,345	250	-	5,985	3,687	50,310
Euro equivalent	1,567	251	-	1,276	1,885	10,171

Consolidated annual financial statements for the year to 30 June 2023

	GBP	CHF	ZAR	PLN	BGN	RON
Total net financial asset exposure						
Foreign currency	14,951	2,566	5,866	3,934	4,215	28,275
Euro equivalent	17,422	2,576	345	839	2,155	5,716

If the euro had strengthened/weakened against other currencies used by the Group with all other variables held constant, pre-tax profit for the year would have varied as follows.

	30 June 2023			30 June 2022		
	Movement	Strengthening	Weakening	Movement	Strengthening	Weakening
GBP	10%	(2,119)	2,119	10%	(1,742)	1,742
CHF	10%	(37)	37	10%	(258)	258
ZAR	10%	(114)	114	10%	(34)	34
PLN	10%	(31)	31	10%	(84)	84
BGN ¹	0%	-	-	0%	-	-
RON	10%	122	(122)	10%	(575)	575
		(2,179)	2,179		(2,693)	2,693

¹ The Bulgarian Lev is fixed to the euro exchange rate therefore no currency risk exposure is applicable. This sensitivity analysis assumes that all other variables remain constant.

Credit risk

The Group is exposed to credit risk primarily as a result of its banking relationships, trade receivables and contract assets owed by tenants, and its investment in the PKM Development preferred equity and revolving credit facility.

The carrying amount of financial assets represents the maximum credit risk exposure, as follows.

	On 30 June 2023			
	Credit risk exposure	No exposure	Non-financial instruments	Total
Non-current financial assets				
Financial assets	338,949	-	-	338,949
	338,949	-	-	338,949
Current financial assets				
Trade and other receivables	33,088	-	4,764	37,852
Financial investments	36,504	-	-	36,504
Cash and cash equivalents	60,361	-	-	60,361
	129,953	-	4,764	134,717
	468,902	-	4,764	473,666
	On 30 June 2022			
	Credit risk exposure	No exposure	Non-financial instruments	Total
Non-current financial assets				
Financial assets	236,067	-	-	236,067
	236,067	-	-	236,067
Current financial assets				
Trade and other receivables	31,051	-	7,011	38,062
Financial investments	97,655	-	-	97,655
Cash and cash equivalents	174,176	-	-	174,176
	302,882	-	7,011	309,893
	538,949	-	7,011	545,960

Expected credit losses – Preferred equity and revolving credit facility (Financial assets)

The Group's preferred equity, including accrued coupon, of €328,467 thousand (30 June 2022: €236,067 thousand) and €10,482 thousand revolving credit facility included within financial assets are with a single counterparty, PKM Development. The maximum credit risk exposure would be from preferred equity of €470,000 thousand and revolving credit facility of €30,000 thousand (30 June 2022: preferred equity of €470,000 thousand and revolving credit facility of €30,000 thousand).

This concentration of credit risk is principally managed by assessing credit quality through quarterly reviews of PKM Development's management accounts, annually reviewing the audited annual financial statements and property valuation reports. When determining whether the credit risk of the financial asset has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonably available, such as: financial position, historic and future operating performance, payment delays, obligations, breaches and general economic and market conditions. Following the Spark II Transaction there has been a perceived liquidity risk associated with the DJV, as it disposed of its main income-generating properties on 30 June 2022. Therefore, for purposes of this assessment, management temporarily raised its credit risk score for the DJV, until such time as further development properties become operational and generate operating income. However, management has considered the future expected operating performance per the DJV's projections, and concluded that there is no significant increase in credit risk, thus the risk of default is low.

Consolidated annual financial statements for the year to 30 June 2023

For this assessment, the expected loss rates were calculated based on probability of default computed using the average default rates reported for credit rated companies similar to the DJV (utilising a scorecard based on credit rating agencies' template scorecards). A loss given default of 25% was used, being the Basel III IRB recommended benchmark for unsecured loans and the exposure at default was considered to be the total amount of preferred equity, including any coupon and revolving credit facility outstanding less the DJV's cash balance on 30 June 2023. There was no historical credit loss rate on the preferred equity commitment or the revolving credit facility with the DJV. Furthermore, management performed a sensitivity analysis on the probability of default and loss given default rates used and concluded that there is no significant change in the expected credit loss result.

Management has considered quantitative factors, such as the DJV's actual and forecasted profits, and qualitative factors, such as progress with the DJV's development pipeline, including related future operating income, and concluded that there is no significant expected credit loss.

Expected credit losses- other financial instruments

In order to manage the Group's financial instruments and cash and cash equivalents credit risk, management monitors its banking partners' credit risk and deposits the majority of its cash and cash equivalents with banks and financial institutions which are rated investment grade. Approximately 94.2% of the Group's cash and cash equivalents on 30 June 2023 was held with banks rated investment grade (30 June 2022: 52.7%).

The Group's trade receivables do not contain any financing component and mainly represent lease receivables. Therefore, the Group applied the simplified approach under IFRS 9 and measured the loss allowance using a provision matrix based on historical collection and default experience adjusted for forward-looking factors in order to estimate the provision on initial recognition and throughout the life of the receivables at an amount equal to lifetime expected credit losses ('ECL').

The expected loss rates are based on the tenants' payment profiles over a period of 24 months before the reporting date respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking factors affecting tenants' ability to settle receivables. The expected loss rate for trade receivables on 30 June 2023 amounts to 0.42% (30 June 2022: 0.88%).

The analysis by credit quality of trade and other receivables, cumulated for rent and service charge is detailed below.

The Group's trade and other receivable also comprises €21,419 thousand receivable from disposal of assets held for sale. These are excluded from the ECL assessment, as €9,398 thousand for Lewes North Street Quarter were subsequently received, and the remaining €12,021 thousand will be received as contractually agreed, for which the Group does not envisage any impairment indicators.

	On 30 June 2023					
	Current	0-30 days	31-60 days	61-90 days	More than 90 days	Total
Expected credit loss rate	0.02%	0.03%	0.04%	0.12%	0.21%	0.42%
Trade and other receivables gross	8,246	734	150	101	2,245	11,476
Loss allowance	(2)	-	-	-	(5)	(7)
Specific impairment of receivables	-	(29)	(38)	(22)	(2,018)	(2,107)
Carrying amount	8,244	705	112	79	222	9,362

	On 30 June 2022					
	Current	0-30 days	31-60 days	61-90 days	More than 90 days	Total
Expected credit loss rate	0.04%	0.06%	0.09%	0.25%	0.44%	0.88%
Trade and other receivables gross	9,017	1,799	166	82	2,830	13,894
Loss allowance	(4)	(1)	-	-	(12)	(17)
Specific impairment of receivables	-	(29)	(34)	(23)	(2,113)	(2,208)
Carrying amount	9,013	1,760	132	59	705	11,669

Movements in receivables allowance are disclosed in the table below.

	Year to 30 June 2023	Year to 30 June 2022
Movement of bad debt allowance through profit and loss	(2,225)	(2,549)
Increase in receivables allowance - continued operations	(674)	(122)
Reversal of receivables allowance - continued operations	685	476
Reversal of receivables allowance - discontinued operations	100	217
Receivables allowance written-off	-	395
Receivables allowance transferred with Spark II transaction	-	(642)
Closing balance	(2,114)	(2,225)
Effect of trade receivables written off directly through profit and loss (with no effect in bad debt allowance balance)	Year to 30 June 2023	Year to 30 June 2022
Impairment of receivables - continuing operations	(138)	(691)
Impairment of receivables - discontinued operations	(24)	(241)

The tenants' receivable balances, which are overdue, but not impaired, are related to tenants committed to pay their outstanding balances subsequent to year-end. Furthermore, tenants' deposits may be executed by the Group, in part or in whole, if receivables due from tenants are not settled or in case of other breaches of contractual terms.

Consolidated annual financial statements for the year to 30 June 2023

There is no other concentration of credit risks related to trade and other receivables, as the Group does not place reliance on a single counterparty. In order to manage the credit risk related to trade and other receivables, the Group continuously monitors the financial performance and reputation of its tenants. In computing the expected credit loss rates for trade and other receivables, the Group considers the historic loss rates and adjusts for forward looking macroeconomic data. There are no material impairment losses.

Capital management

The Group's capital management strategy is to monitor bonds and bank covenants and maintain a strong capital base. As a result, market and investors relations, as well as creditor confidence remain adequate, and support long-term business growth.

The Group's main objective in managing capital is to safeguard its ability to continue as a going concern, so that it continues to provide and maximise long-term returns for shareholders and benefits for other stakeholders.

During the financial year to 30 June 2023, the Group's policy was to maintain a Loan-to-Value ('LTV') ratio below 40% on a proportionate consolidation basis.

To protect the Group against risks brought about by taking on high levels of debt capital, the Board decided to tighten the Group's self-imposed loan-to-value ratio to 35% after year-end.

The Group's LTV ratio decreased from 30.9% on 30 June 2022 to 28.8% on 30 June 2023.

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 ('NED').

Transactions with key management

									Year to 30 June 2023	
Role		During the year	Basic salary	Benefits	Short-term incentive	Long-term incentive	Tax equalisation ⁷	Sub Total	IFRS 2 option expense	Total
Irina Grigore ¹	CEO		228	46	-	-	-	274	124	398
Nadine Bird ²	CFO	Appointed	65	87	-	-	-	152	20	172
Raluca Buzuleac ²	CFOO	Resigned	78	-	-	-	-	78	20	98
Dan Petrisor ³	Executive Director		129	53	-	-	-	182	63	245
Werner Alberts	NED		51	-	-	-	4	55	-	55
Brett Nagle	NED		47	-	-	-	-	47	-	47
Claudia Pendred	NED		44	-	-	-	15	59	-	59
Dan Pascariu	NED		44	-	-	-	116	160	-	160
Malcolm Levy ⁴	NED	Resigned	7	-	-	-	1	8	-	8
Martin Slabbert ⁵	NED	Resigned	-	-	-	-	-	-	-	-
Melt Hamman ⁴	NED	Resigned	7	-	-	-	16	23	-	23
Mihail Vasilescu ⁶	NED	Appointed	25	-	-	-	35	60	-	60
Pierre Goosen	NED		44	-	-	-	3	47	-	47
Vasile Iuga	NED		51	-	-	-	135	186	-	186
			820	186	-	-	325	1,331	227	1,558

¹ Irina Grigore's 'basic salary' comprises the Director's fixed cash-based compensation, and 'benefits' of €46 thousand refer to allowance granted to compensate for additional living costs due to their residence in Malta.

² Effective 1 February 2023, Raluca Buzuleac stepped down from the Board as Executive Director and with effect from the same date Nadine Bird was appointed CFO of the Group.

Nadine's figure shown on 'basic salary' column above comprises the Director's fixed cash-based compensation, received starting her appointment as CFO. Benefits of €87 thousand refer to expenses with respect to her relocation to Romania, and cost of living expenses comprising of rent allowance and other fringe benefits.

Raluca's figure shown on 'basic salary' column above comprises the Director's fixed cash-based compensation, received until her resignation from the CFOO role.

³ Dan Petrisor's 'basic salary' comprises the Director's fixed cash-based compensation, and 'benefits' of €53 thousand refer to allowance granted to compensate for additional living costs due to their residence in Malta.

⁴ Effective 25 August 2022, Melt Hamman and Malcom Levy stepped down from the Board.

⁵ Effective 13 December 2022, Martin Slabbert stepped down from the Board as Non-Executive Director.

⁶ Effective 13 December 2022, Mihail Vasilescu was appointed Non-Executive Director.

⁷ Tax equalisation adjustment is aimed at ensuring equality between Board members, that Non-Executive Directors' fees are competitive, and compensation is not affected by individual circumstances, such as country of tax residence. Cost to company of Non-Executive Directors' fees is adjusted upwards, in cases where cumulated taxation effects on their compensation exceeds 30%. Amounts relating to tax equalisation shown for the year to 30 June 2023 include adjustment from the date of redomiciliation to Malta, effective 12 October 2021.

Year to 30 June 2022

	Role	During the year	Basic salary	Benefits	Short-term incentive	Long-term incentive	Sub Total	IFRS 2 option expense	Total
Irina Grigore ¹	CEO	Appointed	142	72	-	-	214	153	367
Raluca Buzuleac ²	CFOO	Appointed	75	-	-	-	75	21	96
Dan Petrisor ³	Executive Director	Appointed	120	61	-	-	181	40	221
Martin Slabbert ⁴	NED	Resigned as CEO, Appointed NED	-	-	-	-	-	316	316
Victor Semionov ⁵	Executive Director	Resigned	-	-	-	-	-	268	268
Jonathan Knight ⁶	Alternate director	Resigned	30	-	-	-	30	-	30
Malcolm Levy	NED		41	-	-	-	41	-	41
Pierre Goosen	NED		41	-	-	-	41	-	41
Werner Alberts	NED		47	-	-	-	47	-	47
Melt Hamman	NED		44	-	-	-	44	-	44
Claudia Pendred	NED		41	-	-	-	41	-	41
Brett Nagle	NED		44	-	-	-	44	-	44
Vasile Iuga	NED		47	-	-	-	47	-	47
Dan Pascariu	NED		41	-	-	-	41	-	41
			713	133	-	-	846	798	1,644

¹ Effective 21 April 2022, Irina Grigore was appointed CEO, replacing Martin Slabbert. The benefits of €72 thousand refer to relocation and cost of living expenses with respect to her relocation to Malta, comprising of relocation costs, rent allowance and other fringe benefits. Figure shown on 'Basic salary' column above comprises the Director's fixed cash-based compensation.

² Effective 6 December 2021, Raluca Buzuleac was appointed Executive Director (Deputy CFO) of the Group and on 21 April 2022 was appointed CFOO. The table above presents basic salary information since her appointment as Executive Director.

³ Dan Petrisor's benefits amounting to €61 thousand refer to relocation and cost of living expenses with respect to his relocation to Malta, comprising of relocation costs, rent allowance and other fringe benefits. Figure shown on 'Basic salary' column above comprises the Director's fixed cash-based compensation.

⁴ Effective 21 April 2022 Martin Slabbert stepped down as Executive Director and CEO of the Group, and as a result the remaining share-based payment has been expensed, as described in note 21.2.

⁵ Effective 26 August 2021, Victor Semionov stepped down as Executive Director of the Group, and as a result the remaining share-based payment has been expensed, as described in note 21.2.

⁶ Effective 26 August 2021, Jonathan Knight stepped down as Alternate Director of the Group. Jonathan had a contract of employment with Corona Real Estate Partners Limited, which was a service provider to MAS Property Advisors Limited up to his resignation. The total remuneration charged by Corona in relation to services provided to MAS was €58 thousand, out of which Jonathan Knight received a salary of €12 thousand. Jonathan Knight received a salary of €30 thousand through a subsidiary of MAS P.L.C.'s payroll. All amounts are reflected for the period up to step down date.

Related party relationships*PKM Development Limited and its subsidiaries*

PKM Development is an associate, and the Group owns 40% of its ordinary shares. PKM Development owns shares in MAS; refer to note 13.

PK Energy Control SRL

PK Energy Control SRL rents equipment from the Group's subsidiaries and provides energy transformation services in return.

PK Development Holdings SRL

PK Development Holdings SRL is the former sole shareholder of the six entities acquired by MAS on 30 June 2022, as described in note 4.

PK White SRL

PK White SRL owns the Pleiades residential project in Ploiesti, currently under development.

PK Burgundy SRL

PK Burgundy SRL owns the extension of Baia Mare Value Centre , operational from 29 September 2022.

PK Almond SRL

PK Almond SRL owns the extension of Roman Value Centre, operational from 1 December 2022.

PK Arsenic SRL

PK Arsenic SRL owns the extension of Slobozia Value Centre (strip mall), operational from 31 May 2023.

Prime Kapital Holdings Limited and PK Development Holdings Ltd

Prime Kapital Holdings Limited is an integrated real estate developer, investor and operator. Martin Slabbert, former CEO and Non-Executive Director of MAS is managing partner of Prime Kapital. Prime Kapital became a related party of the Group on 27 November 2019, the date on which Martin was appointed Executive Director on MAS' Board.

Prime Kapital Development SRL

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

Corona Real Estate Partners Limited

Corona Real Estate Partners Limited is a real estate management company owned 100% by Jonathan Knight who was an Alternate Director of the Group until 26 August 2021.

Harneys Fiduciary

Harneys Fiduciary provided BVI corporate services and was a director of MAS RE MALTA HOLDING LTD (former MAS (BVI) Holdings Limited) (redomiciled to Malta on 1 August 2022) and MAS CEE Investments Limited, 100% owned subsidiaries of the Company. Services were provided by its subsidiary Epstone Ltd.

Related party considerations

The acquisition of Spark II Portfolio and the DJV extension on 30 June 2022 (refer to note 4) were classified as related party transactions given that:

- Martin Slabbert (former Non-Executive Director and former CEO of MAS) and Victor Semionov (former Executive Director of MAS) are founders of, and partners in, Prime Kapital. Martin and Victor have indirect beneficial interests in Prime Kapital, and
- PKM Development is an associate of Martin Slabbert and Victor Semionov via Prime Kapital which holds 60% of the common shares in PKM Development.

MAS P.L.C.
Consolidated annual financial statements for the year to 30 June 2023

	Note	Income/(expenses) for		Net (receipts)/payments for		Balances receivable/(payable) on	
		Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2023	Year to 30 June 2022	30 June 2023	30 June 2022
<i>PKM Development Limited and its subsidiaries</i>							
· Equity-accounted investee	14	4,315	40,901	(4,105)	(53,064)	25,412	25,202
· Preferred equity and revolving credit facility	11; 18.4	20,465	21,642	82,417	(33,309)	338,949	236,067
· Recharged costs		(116)	(688)	380	1,085	(243)	(507)
· Assets transferred following Spark II Portfolio acquisition		-	-	89,764	-	-	(89,764)
· Balances transferred following Spark II Portfolio acquisition		-	-	(87)	-	-	87
· Other income		143	-	(143)	-	-	-
· Rental income		8	-	(8)	-	-	-
· Electrical energy transformation fee		(4)	(280)	55	256	-	(51)
· Rental income energy equipment		-	274	(71)	(228)	-	71
· Other expenses		(50)	-	52	-	2	-
		24,761	61,849	168,254	(85,260)	364,120	171,105
<i>Prime Kapital Holdings Limited and its subsidiaries</i>							
· Prepaid development services*	16; 18.2	(9,764)	-	-	-	406	10,170
· Rental income		320	175	(302)	(168)	40	22
· Capitalised expenses		-	(1,628)	35	1,754	35	-
· Property management platform expenses		(3,196)	(1,535)	2,674	1,535	(522)	-
· Other expenses		(71)	(28)	53	11	(35)	(17)
· Service charge and other property operating expenses		(2,543)	(2,041)	963	2,079	(1,922)	(342)
· Balance transferred following Spark II Portfolio acquisition		-	-	238	-	-	(238)
		(15,254)	(5,057)	3,661	5,211	(1,998)	9,595
<i>Corona Real Estate Partners Limited</i>							
· Legal and professional expenses		(43)	(337)	113	569	76	6
		(43)	(337)	113	569	76	6
<i>Harneys Fiduciary</i>							
· Directors' fees and legal and professional fees		(9)	(50)	8	47	(1)	-
· Other		(4)	-	4	-	-	-
		(13)	(50)	12	47	(1)	-
		9,451	56,405	172,040	(79,433)	362,197	180,706

* As a result of the impairment assessment performed on 30 June 2023, an impairment of €9,624 thousand was booked for PK Prepaid development services (see note 21.2).

Consolidated annual financial statements for the year to 30 June 2023
Key management shareholdings
On 30 June 2023

	Direct	Indirect	Associate	Total
Irina Grigore	100,000	1,740,789	-	1,840,789
Nadine Bird ²	-	800,860	-	800,860
Dan Petrisor	-	693,272	-	693,272
Raluca Buzuleac ³	-	638,671	-	638,671
Werner Alberts	48,712	-	-	48,712
Brett Nagle	63,470	-	86,675 ¹	150,145
Claudia Pendred	-	-	-	-
Dan Pascariu	902,960	-	-	902,960
Mihail Vasilescu ⁴	-	4,000,000	-	4,000,000
Pierre Goosen	-	-	104,815 ¹	104,815
Vasile Iuga	-	-	-	-
	1,115,142	7,873,592	191,490	9,180,224

¹ Non-beneficial to director.

² Appointed CFO and Executive Director with effect from 1 February 2023.

³ Stepped down from her CFO role and from the Board (as Executive Director) on 1 February 2023.

⁴ Appointed Non-Executive Director on 13 December 2022.

There have been no changes in the shareholdings of key management between 30 June 2023 and the date of approval of the consolidated annual financial statements.

On 30 June 2022

	Direct	Indirect	Associate	Total
Irina Grigore ³	100,000	1,740,789	-	1,840,789
Raluca Buzuleac ⁴	-	638,671	-	638,671
Dan Petrisor ⁵	-	693,272	-	693,272
Martin Slabbert ⁶	-	14,287,550*	318,808 ¹	14,606,358
Malcolm Levy	11,633	-	1,568,928 ¹	1,580,561
Pierre Goosen	-	-	104,815 ¹	104,815
Werner Alberts	-	-	-	-
Melt Hamman	-	5,800 ²	100,000 ¹	105,800
Claudia Pendred	-	-	-	-
Brett Nagle	63,470	-	86,675 ¹	150,145
Vasile Iuga	-	-	-	-
Dan Pascariu	834,320	-	-	834,320
Victor Semionov ⁷	-	1,462,037*	-	1,462,037
Jonathan Knight ⁸	674,575	1,200,000	-	1,874,575
	1,683,998	20,028,119	2,179,226¹	23,891,343

¹ Non-beneficial to director.

² Family trust.

³ Appointed Deputy CEO on 26 August 2021. CEO of the Group since 21 April 2022.

⁴ Appointed Executive Director (Deputy CFO) of the Group on 6 December 2021 and appointed CFOO on 21 April 2022.

⁵ Appointed Executive Director on 26 August 2021 (no longer Alternate Director).

⁶ Stepped down from his CEO role on 21 April 2022, remained Non-Executive Director of MAS until 13 December 2022.

⁷ Stepped down from the Board, as Executive Director on 26 August 2021.

⁸ Resigned from his role as Alternate Director with effect from 26 August 2021.

*PKM Development Limited is an associate of Martin Slabbert and Victor Semionov via Prime Kapital which holds 60% of the ordinary shares in the DJV.

PKM Development Limited holds 70,998,476 shares in MAS, and Prime Kapital holds 60,650,000 shares in MAS. Martin and Victor are the founders of Prime Kapital and the number of shares shown in the table above represents their indirect beneficial interests in MAS.

Year to 30 June 2023			IFRS amounts				
Consolidated Statement of Profit or Loss	Proportionate accounts line item	Note	Continuing operations	Discontinued operations	Add 40% DJV	Other reclass	Proportionate accounts
Rental income	Net rental income - income property	6.1	62,836	3,965	1,580	(4,482)	63,899
Service charge income and other recoveries		6.2	20,203	1,249	685	(22,137)	-
Gross revenue			83,039	5,214	-	-	-
Reversal of impairment/(Impairment) of receivables		6	(127)	76	4	47	-
Service charge and other property operating expenses		6.2	(22,756)	(3,001)	(830)	26,587	-
Net rental income			60,156	2,289	1,439	15	63,899
	Net income - residential property		-	-	(338)	145	(193)
Corporate expenses			(6,740)	(560)	(240)	(9,624)	-
Corporate expenses	Net corporate expenses	7	(6,740)	(560)	(240)	936	(6,604)
	Share-based payment expense		-	-	-	(10,560)	(10,560)
Other income			10,097	870	2,350	(2,581)	
Dividend income	Net dividends - listed securities	8	8,318	-	2,323	(1,247)	9,394
Other income	Other distributable net income/(cost)	8	425	870	27	(894)	428
Gain on bonds repurchased	Other non-distributable income/(cost)	8	1,354	-	-	(440)	914
Investment expenses	Investment expenses	9	(931)	(945)	(371)	-	(2,247)
Fair value adjustments			44,636	(4,347)	322	13,032	-
Gain/(loss) on fair value of inv. prop. incl. inv. prop. held for sale	Fair value adjustments - income property	10	32,620	(4,347)	3,846	9,156	41,275
Gain/(loss) on fair value of fin. investments	Fair value adjustments - listed securities	10	8,550	-	(3,876)	3,876	8,550
Change in fair value of financial assets	Fair value adjustments - interest rate derivatives	10	3,466	-	352	-	3,818
Gain from disposal of inv. prop. held for sale		5.1	-	5,320	-	(5,320)	-
Impairment of share-based payment prepayments	Share-based payment expense	21.2	(9,624)	-	-	9,624	-
Foreign currency exchange differences	Foreign currency exchange differences		(2,208)	(5)	(66)	184	(2,095)
Share of profit from eq.-acc. investee		14	4,315	-	(4,315)	-	-
Profit before finance income/(costs)			99,701	2,622			
Finance income			20,628	8			
Interest on preferred equity and revolving credit facility	Net income - preferred equity	11	20,465	-	-	(8,186)	12,279
Interest on bank deposits		11	163	8	145	(316)	-
	Interest capitalised on developments		-	-	-	3,939	3,939
Finance costs			(19,071)	(945)			
Interest on bank loans	Interest on debt financing	11	(5,632)	(912)	2,708	(15,979)	(19,815)
Bond borrowing costs		11	(13,997)	-	-	13,997	-
Interest income on interest rate derivatives		11	613	-	-	(613)	-
Negative interest on bank deposits		11	(55)	(33)	-	88	-
Profit before tax			101,258	1,685			
Current tax			(4,165)	(1,404)			
Current tax	Income tax	12	(4,165)	(1,404)	(377)	2,964	(2,982)
	Tax on sale of property		-	-	-	(1,369)	(1,369)
Deferred tax	Deferred tax	12	(6,379)	(163)	(1,257)	-	(7,799)
Tax expense			(10,544)	(1,567)			
Profit for the period	Earnings		90,714	118	-	-	90,832

On 30 June 2023			
Consolidated Statement of Financial Position	Proportionate accounts line item	Note	IFRS amounts Add 40% DJV Other reclass Proportionate accounts
<i>Non-current assets</i>			
Investment property			901,472 165,031 58,848
Income-generating property	Income property	13.1	896,352 23,856 58,848 979,056
Dev. property and land bank	Developments - income property	13.1	5,120 65,649 - 70,769
	Developments - residential property		- 75,526 - 75,526
Intangible assets			1,696 - -
Goodwill	Goodwill	15	1,696 - - 1,696
Inv. in equity-accounted investee		14	25,412 (25,412) - -
Financial assets			338,949 - (126,629)
PKM Dev preferred equity and revolving credit facility	Preferred equity and revolving credit facility	18.4	338,949 - (135,580) 203,369
Interest rate swaps	Interest rate derivative financial assets		- - 8,951 8,951
Other non-current assets		16	10,542 2,905 (13,447) -
Deferred tax asset	Deferred tax asset	12	2,389 121 - 2,510
Total non-current assets			1,280,460
<i>Current assets</i>			
Financial assets	Other assets	5.2	- - 2,549 2,549
Investment property held for sale			58,848 - (58,848) -
Financial investments	Listed securities	18.1	36,504 19,570 - 56,074
Trade and other receivables			37,852 6,764 1,941
Trade and other receivables	Trade and other receivables		37,513 2,065 690 40,268
VAT receivable	VAT receivable		339 4,699 - 5,038
	Share-based payment prepayments		- - 1,251 1,251
Cash and cash equivalents	Cash and cash equivalents	18.3	60,361 3,530 - 63,891
Total current assets			193,565
Total assets	Assets		1,474,025 172,509 (135,586) 1,510,948
<i>Non-current liabilities</i>			
Bonds		19.1	290,752 - (290,752) -
Bank loans	Debt financing	19.1	108,629 143,800 200,288 452,717
Other non-current liabilities		17	6,716 2,025 (8,741) -
Deferred tax liability	Deferred tax liability	12	35,753 2,933 - 38,686
Total non-current liabilities			441,850
<i>Current liabilities</i>			
Bonds		19.1	84 - (84) -
Bank loans		19.1	45,100 42 (45,142) -
Trade and other payables	Trade and other payables		22,335 23,709 8,845 54,889
Total current liabilities			67,519
Total liabilities	Liabilities		509,369 172,509 (135,586) 546,292
Total equity	Net asset value		964,656 - - 964,656

Year to 30 June 2022			IFRS amounts				
Consolidated Statement of Profit or Loss	Proportionate accounts line item	Note	Continuing operations	Discontinued operations	Add 40% DJV	Other reclass	Proportionate accounts
Rental income	Net rental income - income property	6.1	36,344	5,478	7,676	(4,859)	44,639
Service charge income and other recoveries		6.2	11,575	1,239	3,040	(15,854)	-
Gross revenue			47,919	6,717	-	-	-
Reversal of impairment/(Impairment) of receivables		6	(338)	(23)	(35)	396	-
Service charge and other property operating expenses		6.2	(13,478)	(3,121)	(3,242)	19,841	-
Net rental income	Net income - residential property		34,103	3,573	7,439	(476)	44,639
Corporate expenses			-	-	2,547	412	2,959
Corporate expenses	Net corporate expenses	7	(6,564)	(451)	(877)	2,486	(5,406)
	Share-based payment expense		-	-	-	(2,486)	(2,486)
Net operating income			-	-	-	-	-
			0	0	0	0	0
Other income			5,006	1,009	2,743	(2,527)	-
Dividend income	Net dividends - listed securities	8	4,368	-	2,525	-	6,893
Other income	Other distributable net income/(cost)	8	638	1,009	218	(2,034)	(169)
Gain on bonds repurchased	Other non-distributable income/(cost)	8	-	-	-	(493)	(493)
Investment expenses	Investment expenses	9	(1,858)	(1,407)	(16)	505	(2,776)
Fair value adjustments			61,223	(1,674)	33,636	-	-
Gain/(loss) on fair value of inv. prop. incl. inv. prop. held for sale	Fair value adjustments - income property	10	75,453	(1,763)	30,854	9,872	114,416
Gain/(loss) on fair value of fin. investments	Fair value adjustments - listed securities	10	(14,230)	-	2,782	(2,782)	(14,230)
Change in fair value of financial assets	Fair value adjustments - interest rate derivatives	10	-	89	-	828	917
Gain from disposal of inv. prop. held for sale		5.1	-	11,143	-	(11,143)	-
Foreign currency exchange differences	Foreign currency exchange differences		(770)	5	36	2,574	1,845
Share of profit from eq.-acc. investee		14	40,901	-	(40,901)	-	-
Profit before finance income/(costs)			132,041	12,193	-	-	-
			-	-	-	-	-
Finance income			21,733	-	21	(6,043)	-
Interest on preferred equity	Net income - preferred equity	11	21,642	-	-	(8,657)	12,985
Interest on bank deposits	Interest capitalised on developments	11	91	-	21	(112)	-
			-	-	-	2,726	2,726
Finance costs			(15,256)	(2,725)	(7,566)	8,777	-
Interest on bank loans	Interest on debt financing	11	(256)	(1,667)	(6,800)	(8,047)	(16,770)
Bond borrowing costs		11	(14,073)	-	-	14,073	-
Debt break fees		11	-	(1,002)	-	1,002	-
Negative interest on bank deposits		11	(927)	(56)	(766)	1,749	-
Profit before tax			138,518	9,468	-	-	-
Current tax			(872)	1,550	(87)	(2)	-
Current tax	Income tax	12	(872)	1,550	(87)	(1,711)	(1,120)
Deferred tax	Tax on sale of property		-	-	-	1,709	1,709
	Deferred tax	12	(6,832)	(661)	3,025	-	(4,468)
Tax expense			(7,704)	889	-	-	-
			-	-	-	-	-
Profit for the period	Earnings		130,814	10,357	-	-	141,171

On 30 June 2022						
Consolidated Statement of Financial Position	Proportionate accounts line item	Note	IFRS amounts	Add 40% DJV	Other reclass	Proportionate accounts
<i>Non-current assets</i>						
Investment property			860,498	105,682	78,508	
Income-generating property	Income property	13.1	859,778	14,536	78,508	952,822
Dev. property and land bank	Developments - income property	13.1	720	40,853	-	41,573
	Developments - residential property		-	50,293	-	50,293
Intangible assets			1,696	-	-	
Goodwill	Goodwill	15	1,696	-	-	1,696
Inv. in equity-accounted investee		14	25,202	(25,202)	-	-
Financial assets			236,067	-	(89,361)	
PKM Dev preferred equity and revolving credit facility	Preferred equity and revolving credit facility	18.4	236,067	-	(94,427)	141,640
Interest rate swaps	Interest rate derivative financial assets		-	-	5,066	5,066
Other non-current assets		16	13,934	1,147	(15,081)	-
Deferred tax asset	Deferred tax asset	12	3,801	23	-	3,824
Total non-current assets			1,141,198			
<i>Current assets</i>						
Financial assets	Other assets		-	1,162	1,383	2,545
Investment property held for sale		5.2	78,509	-	(78,509)	-
Financial investments	Listed securities	18.1	97,655	19,570	-	117,225
Trade and other receivables			38,062	50,198	8,629	
Trade and other receivables	Trade and other receivables		34,544	48,230	(317)	82,457
VAT receivable	VAT receivable		3,518	1,968	(2,341)	3,145
	Share-based payment prepayments		-	-	11,287	11,287
Cash and cash equivalents	Cash and cash equivalents	18.3	174,176	8,481	-	182,657
Total current assets			388,402			
Total assets	Assets		1,529,600	161,061	(94,431)	1,596,230
<i>Non-current liabilities</i>						
Bonds		19.1	295,904	-	(295,904)	-
Bank loans	Debt financing	19.1	117,144	94,535	251,858	463,537
Other non-current liabilities		17	7,155	782	(7,937)	-
Deferred tax liability	Deferred tax liability	12	30,623	1,580	-	32,203
Total non-current liabilities			450,826			
<i>Current liabilities</i>						
Bonds		19.1	115	-	(115)	-
Bank loans		19.1	40,546	9,828	(50,374)	-
Financial liabilities	Other liabilities		-	-	109	109
Trade and other payables	Trade and other payables		109,963	54,336	7,932	172,231
Total current liabilities			150,624			
Total liabilities	Liabilities		601,450	161,061	(94,431)	668,080
Total equity	Net asset value		928,150	-	-	928,150

29. Summary of general accounting policies**Basis of preparation – statement of compliance**

These consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ('IFRS'), the Johannesburg Stock Exchange ('JSE') Listings Requirements, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. After taking into consideration the applicable legal and regulatory requirements of the Maltese Companies Act 1995, including IFRS requirements adopted by the EU (European Union), management concluded that the consolidated annual financial statements are in compliance with the latter.

Basis of measurement

These consolidated annual financial statements are prepared on the historical cost basis except for the following items that are measured on the fair value basis:

- Financial instruments at fair value through profit or loss ('FVTPL') and financial investments, refer to note 20;
- Share-based payments on grant date, refer to note 21.2, and
- Investment property and investment property held for sale, refer to notes 13.1 and 5.2.

Accounting policies

The specific accounting policies applied in the preparation of these consolidated annual financial statements have been described in each note, where applicable. The following general accounting policies have also been applied. All policies have been applied consistently to all years presented, unless otherwise stated.

Principles of consolidation**Subsidiaries**

The consolidated annual financial statements of the Group incorporate the assets, liabilities, operating results and cash flows of the Company and its subsidiaries. Subsidiaries are all entities, including those that are structured, over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over it. Subsidiaries are fully consolidated from the date control is transferred to the Group. They are deconsolidated from the date control ceases. The acquisition method is used to account for the acquisition of subsidiaries. Identifiable acquired assets and liabilities, and contingent liabilities, assumed in a business combination are measured at their fair values on the date of acquisition. The consideration transferred for the acquired entity is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred, or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excluding acquisition related costs, such as advisory, legal, valuation and similar professional services.

The accounting policies of the subsidiaries are consistent with those of the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in equity.

Transactions and balances eliminated on consolidation

Intra-group balances and transactions, and any gains and losses or income and expenses arising from intragroup transactions, as well as investments in subsidiaries and corresponding equity in the subsidiaries are eliminated in preparing the consolidated annual financial statements.

Functional and presentation currency

These consolidated annual financial statements are presented in euro ('€'), the Group's presentation currency.

The functional currency is determined by the relevant, primary economic environment of each entity in the Group. The other determining factor is the currency in which the majority of cash flows, goods and services are denominated and settled in the respective country. When the functional currency cannot be clearly identified, management uses judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Translation into functional currency

For the purpose of presenting consolidated annual financial statements, the assets and liabilities of the Group's foreign operations are translated to euros using exchange rates prevailing at the reporting date. At each reporting date:

- monetary assets and liabilities that are denominated in foreign currencies are translated into the presentation currency at the rates prevailing at that date;
- non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are translated at the rate on the date the fair value was determined;
- non-monetary items that are measured based on the historical cost basis in a foreign currency are translated at the rate on the date of the transaction;
- income and expense items are translated at the average exchange rates for the period.

Exchange differences arising, if any, are recognised in other comprehensive income and presented in equity in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interest. Such exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments that arise on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Adoption of new/revised standards

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

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
Non-current liabilities with covenants – Amendments to IAS 1	1 Jan 2024
Lease liability in sale and leaseback – Amendments to IFRS 16	1 Jan 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	n/a

<<< >>>

MAS P.L.C.
Shareholding structure

Shareholding structure on 30 June 2023

30 June 2023	Shareholders		Shares	
	Number	% of total	Number	% of total
Public shareholders	6,010	99.51%	424,330,416	59.3%
Non-public shareholders				
Major shareholders (holding over 5%)	5	0.10%	274,856,750	38.3%
Government Employees Pension Fund	1	0.02%	76,193,054	10.6%
PK Investments Limited*	1	0.02%	70,998,476	9.9%
Attacq Ltd	1	0.02%	46,157,934	6.4%
Eastland	1	0.02%	42,846,321	6.0%
Argosy	1	0.02%	38,660,965	5.4%
Directors and their associates	8	0.13%	8,541,553	1.2%
Other share scheme participants	16	0.26%	8,417,010	1.2%
Total	6,069	100%	716,145,729	100%

* PK Investments Limited is a subsidiary of PKM Development Ltd.

MAS P.L.C.

Property information

Income property overview

On 30 June 2023, the Group's directly-owned property portfolio comprised of 100% retail investment properties, and had €14.90 weighted average rental per m², by GLA. Occupancy was 96.9% of the total GLA and the annualised property yield was 7.41%.

Geographical profile

	By rentable area	By revenue
Romania	70.6%	72.6%
Bulgaria	15.1%	14.0%
Poland	8.1%	10.0%
Germany	6.1%	3.1%
UK	0.1%	0.3%
Total	100.0%	100.0%

Tenant profile

	By rentable area
Category A	63.7%
Category B	20.4%
Category C	15.9%
Total	100.0%

Category A: Large national tenants, large listed tenants, government and major franchisees (284 tenants)

Category B: National tenants, listed tenants, franchisees (286 tenants)

Category C: Other tenants (861 tenants)

Income property detailed information

Property name	Location	Country	Type	Sector	GLA in m ²	Weighted average rental per m ² (€)
CEE income properties						
Militari Shopping	RO, Bucharest	Romania	Regional	Retail	54,000	16.79
Galleria Burgas	BG, Burgas	Bulgaria	Regional	Retail	36,700	17.99
Nova Park	PL, Gorzów	Poland	Regional	Retail	32,400	18.15
Atrium Mall	RO, Arad	Romania	Regional	Retail	27,400	18.76
Focsani Value Centre	RO, Focsani	Romania	Convenience	Retail	6,100	14.15
Slobozia Value Centre	RO, Slobozia	Romania	Convenience	Retail	6,700	10.20
Fagaras Value Centre	RO, Fagaras	Romania	Convenience	Retail	3,200	9.43
Gheorgheni Value Centre	RO, Gheorgheni	Romania	Convenience	Retail	1,400	12.48
Ramnicu Sarat Value Centre	RO, Ramnicu Sarat	Romania	Convenience	Retail	4,000	10.65
Sebes Value Centre	RO, Sebes	Romania	Convenience	Retail	3,200	12.09
Targu Secuiesc Value Centre	RO, Targu Secuiesc	Romania	Convenience	Retail	3,200	10.72
Baia Mare Value Centre	RO, Baia Mare	Romania	Community	Retail	21,400	12.22
Roman Value Centre	RO, Roman	Romania	Community	Retail	18,800	15.01
Galleria Stara Zagora	BG, Stara Zagora	Bulgaria	Regional	Retail	23,500	7.14
DN1 Value Centre	RO, Balotesti	Romania	Community	Retail	27,400	17.03
Zalau Value Centre	RO, Zalau	Romania	Community	Retail	19,300	15.02
Dambovita Mall	RO, Targoviste	Romania	Regional	Retail	31,100	16.92
Sepsi Value Centre	RO, Sf. Gheorghe	Romania	Community	Retail	16,900	12.75
Prahova Value Centre	RO, Ploiesti	Romania	Community	Retail	21,700	13.99
Barlad Value Centre	RO, Barlad	Romania	Community	Retail	16,400	11.99
Total CEE income properties					374,800	15.20
WE income properties held for sale						
Arches	UK, Edinburgh	UK	Neighbourhood	Retail	500	32.27
Flensburg Galerie	DE, Flensburg	Germany	Community	Retail	24,300	9.88
Total WE income properties held for sale					24,800	10.35
Total income property					399,600	14.90

MAS P.L.C.

Property information

Lease expiry profile - by revenue

Sector	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	>=2034
Retail	27.5%	24.6%	17.7%	11.5%	7.9%	3.9%	2.0%	1.5%	1.3%	0.7%	1.4%
Total	27.5%	24.6%	17.7%	11.5%	7.9%	3.9%	2.0%	1.5%	1.3%	0.7%	1.4%

Majority of contractual rental escalations are fully indexed to Euro 27 inflation. The above rental expiry profile includes expected escalations due to inflationary indexation.

Lease expiry profile - by rentable area

Sector	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	>=2034
Retail	24.6%	21.1%	17.2%	13.2%	9.2%	4.7%	2.4%	1.8%	1.5%	0.9%	3.4%
Total	24.6%	21.1%	17.2%	13.2%	9.2%	4.7%	2.4%	1.8%	1.5%	0.9%	3.4%

Company information and advisors

Identification

MAS P.L.C.
Registration number C99355
JSE share code: MSP
ISIN: VGG5884M1041
LEI code: 213800T1TZPGQ7HS4Q13

Registered office in Malta and Correspondence address

MAS P.L.C.
Suite 11, Marina Business Centre
Abate Rigord Street
Ta' Xbiex, XBX1129
Malta

Company secretary

Nathalie Vella resigned on 25 August 2022
Roxana Bordeanu appointed on 25 August 2022 and resigned on 31 August 2023
Stefan Briffa appointed on 31 August 2023

Independent auditor

PricewaterhouseCoopers
78 Mill Street, zone 5
Central Business District, Qormi
Malta, CBD 5090

JSE Sponsor

Java Capital Trustees and Sponsors (Proprietary) Limited
6th Floor, 1 Park Lane, Weirda Valley, Sandton
Johannesburg, 2196
South Africa

A2X Markets

6th Floor, Katherine Towers
1 Park Lane, Wierda Valley
Sandton, 2196
South Africa

Registrar / Transfer Secretaries

British Virgin Islands
Computershare Investor Services (BVI) Limited
Registration number 003287V Woodbourne Hall
PO Box 3162
Road Town, Tortola British Virgin Islands

South Africa

Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown 2107

Depository

Computershare Investor Services PLC
The Pavilions Bridgewater Road, Bristol
BS13 8AE, United Kingdom

Property Valuers

Romania and Bulgaria

Cushman & Wakefield Echinox
Tiriac Tower
82-94 Buzesti street, 6th Floor
District 1, Bucharest
Romania

Germany

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

Poland

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

United Kingdom

CBRE Limited
7 Castle Street,
Edinburgh, EH2 3AH
Scotland

Avison Young (GVA Grimley Limited)

Sutherland House 149
St. Vincent Street
Glasgow, G2 5NW
Scotland

Adjusted distributable earnings	Adjusted distributable earnings are the adjusted underlying earnings of the Group from net rental income from income property, net income from residential properties, net income from preferred equity and revolving credit facility, net dividends on listed securities, net corporate expenses, interest on debt financing, interest capitalised on developments and other distributable net income or cost and income tax
Adjusted number of shares in issue	Number of shares in issue excluding MAS' 40% proportion of shares owned by the DJV in MAS
BV	Book value
BVI	British Virgin Islands
CEE	Central and Eastern Europe or Central and Eastern European
Company	MAS P.L.C.
DCF	Discounted cash flows
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
Diluted adjusted number of shares in issue	Adjusted number of shares in issue increased by the number of share purchase plan shares
Diluted weighted average adjusted number of shares	Diluted adjusted number of shares in issue for the applicable period, outstanding on a daily weighted average basis during such period
DJV	Development Joint Venture
ECL	Expected credit losses
EPRA	European Public Real Estate Association
FVTPL	Fair value through profit or loss
GDV	Gross development value
GLA	Gross leasable area, the amount of retail floor space available to be rented in commercial properties, excluding short-term leases, terraces, storage areas and parking (rounded to the nearest hundred m2)
Group	MAS P.L.C. 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 Number of shares in issue on the reporting date
IJV	Investment joint venture, former joint venture with Prime Kapital, 80% owned and controlled by the Company prior to the 2019 Transaction, for investing in CEE Income properties
Income property	Property held to earn rental income
Investment property	Income property, Development property and Land bank
IOM	Isle of Man
JSE	Johannesburg Stock Exchange
Land bank	Land plots held for future developments

Lease incentive	Incentives offered to lessees to enter a lease, typically in the form of a rent-free period
LFL	Like-for-like, measure of growth adjusted to exclude new or disposed properties
LTV	Loan to value, the ratio of the nominal value of debt net of cash to investment property, listed securities and preferred equity
NAV	Net asset value
NRI	Net rental income
NRV	Net realisable value
Number of shares in issue	Ordinary number of shares issued excluding shares held as treasury shares (repurchased shares not cancelled and share purchase plan shares)
PKM Development	P K M Development Limited (renamed to PKM Development Ltd on redomiciliation to Malta)
PMP	Property Management Platform
Prime Kapital / PK	Prime Kapital Holdings Limited
RCF	Revolving credit facility
REIT	Investment in listed real estate equity securities
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
SPA	Sale and purchase agreement
Spark II Portfolio	Collectively, the six subsidiaries or properties (as the context requires), acquired on 30 June 2022 as part of the Transactions
Tangible NAV	NAV which includes only assets and liabilities likely to crystallise on disposal (corresponds to NAV under adjusted proportionate accounts)
Tangible NAV per share	Tangible NAV divided by the Adjusted number of shares in issue on the reporting date
Transactions	Collectively, or individually as the context requires, the acquisition of 100% of the share capital and shareholder loans of six subsidiaries from DJV (Spark II Portfolio) and the execution of the DJV Relationship Extension Letter, effective 30 June 2022
WE	Western Europe or Western European
Weighted average adjusted number of shares	Adjusted number of shares in issue for the applicable period, outstanding on a daily weighted average basis during such period
2019 Transaction	The acquisition on 27 November 2019 by the Group of Prime Kapital's effective economic interest in the IJV with MAS

<<< >>>