



MAS REAL ESTATE INC



CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS 2017

CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Condensed consolidated statement of profit or loss	6
Condensed consolidated statement of other comprehensive income	7
Condensed consolidated statement of financial position	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated statement of cash flows	10
Notes to the condensed abridged consolidated financial statements	11

DIRECTORS' REPORT

ASSURANCE

These abridged condensed consolidated financial statements are extracted from audited information, but is not itself audited. The directors take full responsibility for the preparation of the abridged condensed consolidated financial statements and for ensuring that the financial information has been correctly extracted from the underlying audited annual financial statements. The auditors, KPMG Audit LLC, have issued their unmodified opinion on the annual financial statements for the year ended 30 June 2017 and a copy of the audit opinion, together with the underlying audited annual financial statements are available for inspection at the company's registered office.

FINAL DISTRIBUTION

As a result of the increase in distributable earnings and strong pipeline of investments and developments, the Board of Directors has proposed a distribution of 3.19 euro cents per share in respect of the second half of the 2017 financial year. This distribution represents an increase of 20% over the 2.66 euro cents per share distribution declared in relation to the first half of the

financial year and a 43% increase on the same period in the last financial year. The cumulative annual distribution per share increased from 4.50 to 5.85 euro cents per share for the 2017 financial year, an increase of 30% from 2016.

Shareholders continue to have the option to receive the distribution in cash or as a return of capital by way of an issue of new shares. Further details regarding the distribution will follow in due course.

The board will consider distributing retained earnings during forthcoming financial periods as the group pursues various highly accretive property developments, both directly and through the Prime Kapital development joint venture. Once completed, these developments are expected to have a significant positive impact on per share distributions. Given the strength of the acquisition and development pipeline, discussed in more detail below, in combination with the active deployment and re-deployment of the balance sheet, the board is of the view that the group is well placed to deliver on the targeted annual growth in distribution per share of 30% per annum over a 3 year period set out at the end of 2016, along with further growth thereafter.



¹Data extracted from the pro forma management accounts on pages 51 to 58 where applicable

Highlights

30%

INCREASE IN ANNUAL DISTRIBUTION PER SHARE

SIGNIFICANT VALUE FROM NEW WAVERLEY

91%

INCREASE IN INCOME-GENERATING PORTFOLIO

INCREASED COMMITMENT TO THE PRIME KAPITAL DEVELOPMENT JOINT VENTURE

10%

INCREASE IN ADJUSTED NAV PER SHARE

DISTRIBUTABLE EARNINGS

The group achieved distributable earnings per share for the year of 4.90 euro cents, a growth of 32% over the previous year. The improvement in recurring distributable earnings per share was driven by the accretive acquisitions of investment property, the completion of assets in the development pipeline and the deployment of capital in the Prime Kapital development joint venture.

In addition, the portfolio benefitted from gains of €36.8 million in the value of investment property, driven in particular by value uplifts from the maturing New Waverley development and the value of the 25-year lease with the UK government. This has helped the adjusted NAV per share increase by 10% to 126.5 euro cents per share, despite the continued currency headwinds of a weakening sterling.

ACQUISITION AND DEVELOPMENT UPDATE

INCOME-GENERATING PORTFOLIO

The income-generating property portfolio has grown by 91%, from €242.6 million to €463.4 million at 30 June 2017. This has driven the growth in rental income of 84% from the prior year.

Acquisitions in CEE have been in terms of a long-term co-investment agreement that MAS has entered into with Prime Kapital. MAS' effective economic interest in the acquisition is the equivalent of an 80% direct participation in the performance of the malls and a 20% participation at the weighted average cost of external funding achieved by the acquisition. 30% of passing rent now derives from CEE.

NOVA PARK SHOPPING MALL, POLAND

Acquired November 2016, Prime Kapital Investment Joint Venture

Nova Park is a 32,600 square metre GLA dominant regional mall situated in Gorzów, Poland, with a catchment of 460,000 people within 60 minutes' drive. Gorzów is located in the wealthier western region of Poland, 150 kilometres from Berlin and 50 kilometres from the German border. The property has an occupancy rate of 91% and anchor tenants include Bershka, C&A, CCC, Cropp Town, Deichmann, H&M, House, Intersport, Media Expert, Mojito, New Yorker, Piotr



i Pawel, Pull&Bear, Reserved, Reserved Kids, Smyk and Stradivarius.

A substantial extension is being planned which will further enhance the footfall to this shopping centre, which already dominates its local competitors, and will add further to net operating income over time through turnover linked leases.

GALLERIA PORTFOLIO, BULGARIA

Acquired May 2017, Prime Kapital Investment Joint Venture

This portfolio consists of 2 assets – the Galleria Burgas mall and the Galleria Stara Zagora mall.

Galleria Burgas is a 37,500 square metre GLA dominant shopping centre in Burgas, the 4th largest Bulgarian city with a population of 200,000. The mall benefits from a total catchment of approximately 480,000 people within 60 minutes' drive, as well as a significant number of tourists during the summer holiday season, as the city is in the vicinity of the most popular Black Sea resorts on the Bulgarian coast. The property has an occupancy rate of 99% and a broad tenant mix including international fashion and entertainment brands such as Bershka, CCC, Cinema City, Deichmann, H&M, Humanic, Ikea, Intersport, LC Waikiki, Lee Cooper, Lidl, Massimo Dutti, Oysho, Terranova and Zara. Due to strong performance and tenant

demand, a significant centre extension is being considered.

Galleria Stara Zagora is a 21,300 square metre GLA dominant shopping centre in Stara Zagora, the 6th largest Bulgarian city with a population of 140,000. The mall benefits from a total catchment of approximately 400,000 people within 45 minutes' drive. The property has an occupancy rate of 95% and the tenant mix is focused primarily on fashion and entertainment, includes brands such as Bershka, Cinema City, CCC, Deichmann, DM, H&M, Intersport, Kenvelo, LC Waikiki, New Yorker, Nike, Pull&Bear and Stradivarius. The mall is in need of refurbishment and offers significant value enhancing opportunities through operational streamlining and commercial layout improvement.

ADAGIO HOTEL AND RETAIL UNITS, EDINBURGH, UK

Completed development December 2016

The 146-room Adagio hotel has frontage directly onto the Royal Mile, Edinburgh. The lease is guaranteed by both Accor and Pierre & Vacances and the completed development was handed over to the tenant in late 2016. The development also includes 5 well-located retail units, all of which are let or under offer.

MUNICH PROPERTY, GERMANY

Acquired August 2016

This 13,000 square metre GLA property, currently let to Volkswagen AG, was acquired at an initial acquisition yield of 7% and is a long-term redevelopment opportunity. MAS is already in pre-lease negotiations with various tenants and in planning discussions with the local municipality, whilst benefitting from a strong lease covenant in the interim.

EDEKA MIHA PORTFOLIO, GERMANY

Acquired August 2016

The Edeka MIHA 51,000 square metre GLA portfolio, comprises 20 supermarkets and discount food stores in north-east Germany, provides particularly strong income returns that are underpinned by low-cost debt financing, resulting in attractive income returns on equity invested. The tenant has recently made substantial investments in many of the portfolio properties, a number of which are well located in, or near to, Berlin.

ALDI PORTFOLIO, GERMANY

Disposed June 2017

As part of the ongoing review of the portfolio, the group has started to recycle capital out of mature assets at a time when market yields are strong. In the second half of the financial year, 4 of the 5 Aldi discount food stores were sold at a profit of 14% over their carrying fair value.

DEVELOPMENTS – WESTERN EUROPE

NEW WAVERLEY PHASE II (OFFICE), EDINBURGH, UK

The signing of a 25-year lease (with a break at year 20) with the UK government for the 19,000 square metre development at New Waverley is a major achievement and represents the largest office letting in Edinburgh in over 20 years. This development, estimated to complete in June 2019, continues the momentum at the site, which will see high quality office space blend with restaurants, cafes and shops around a new public square. The site links Waverley Station with the city's iconic Royal Mile, forming part of the Old Town's UNESCO World Heritage site. During the last two years, New Waverley has delivered 400 hotel rooms, including two Whitbread hotels – a Premier Inn and a Hub by Premier Inn – and an Adagio Aparthotel

overlooking the Royal Mile.

The UK government tenant essentially provides risk-free rental income, making this site particularly appealing to a large number of institutional investors and pension funds. The pre-let of the largest element of Phase Two of the New Waverley development is expected to generate higher relative rental growth for the surrounding area as footfall will increase.

PRIME KAPITAL DEVELOPMENT JOINT VENTURE

The development opportunities acquired by and available to the joint venture have substantially exceeded initial expectations, with the venture now targeting in excess of €1 billion of high quality developments across CEE. In order to fund this pipeline, MAS has increased its commitment to the Prime Kapital development joint venture from €200 million up to a maximum of €350 million of preference share capital, on the same terms as the previous commitment. MAS' equity stake in the Prime Kapital development joint venture remains at 40%.

The market opportunity in CEE remains compelling, with the joint venture offering many benefits to MAS, including the following:

- i. Access to high growth, euro denominated jurisdictions, with improving capital markets and investor sentiment and sufficient scale to impact significantly upon MAS' future growth potential;
- ii. Access to good quality assets with higher income and capital returns, and growth in such returns, that are not readily available at this point in the cycle in western European markets;
- iii. Access to an experienced team with a proven track record of delivery in the CEE market, in a manner that ensures MAS' exclusive access to them for this investment strategy (being development and redevelopment of commercial and residential real estate assets in CEE);
- iv. Strong alignment of interest through Prime Kapital's long-term co-investment; and
- v. Speed to market, given the experience of Prime Kapital's

management team and established pipeline in this region.

The expansion of the joint venture further strengthens the relationship between Prime Kapital and MAS.

In addition, the shortage of modern, high quality residential accommodation in capital cities across CEE provides a further opportunity to benefit from high growth markets in which the purchasing power of residents is increasing strongly. The Prime Kapital team is well placed to leverage its experience in CEE to exploit this opportunity. Profits from the sale of completed residential developments will be used to support and drive distributions and distribution growth in the periods ahead.

The secured pipeline in CEE amounts to approximately €665 million and consists of the projects discussed below.

EMONIKA MIXED-USE RETAIL, OFFICE AND

HOTEL DEVELOPMENT

Emonika is a large-scale development project for the construction of commercial and public logistic assets in a public-private partnership with the Slovenian Railways (SZ) and the Republic of Slovenia (RoS), in the heart of the country's capital Ljubljana. Slovenia benefits from significantly higher per capita purchasing power than other CEE countries and yet Ljubljana lacks a large modern and centrally located mall. The project entails the development of a 59,000 square metre GLA mall and 21,000 square metre GLA of A-grade offices and a hotel in addition to the re-development of the city's central train station and the development of a new central bus station in a highly visible central location, surrounded by dense residential and office elements. The site is well served by public transport and lies on the main traffic routes that connect the city centre with the main regional road and rail network. The catchment area is estimated to include a population of approximately 305,000 and 560,000 within 15 and 30 minute drives respectively.

The project benefits from an

DIRECTORS' REPORT (CONTINUED)

approved master plan and is highly complex from a design and regulatory perspective. The investment of significant capital by the development joint venture is conditional on, amongst others, on the conclusion of the design process, the finalisation of various agreements with SZ and the municipality of Ljubljana as well as RoS government approval. The authorities are supportive with the result that significant progress has been made.

ERA SHOPPING PARK IASI ACQUISITION OF**SENIOR DEBT**

The Prime Kapital development joint venture has secured the acquisition of the senior debt extended to the company owning Era Shopping Park Iasi by a syndicate of banks at a significant discount to the estimated current market value of the project. The debt acquired by the joint venture is secured with a first rank mortgage over all the project assets. Era Shopping Park Iasi is a 50,000 square metre GLA retail centre that includes a Carrefour (15,290 square metres of GLA) and a Decathlon (4,090 square

ERA SHOPPING PARK IASI ACQUISITION OF SENIOR DEBT (CONTINUED)

metres of GLA) owner-occupied unit. The asset is currently underdeveloped and overleveraged but due to a large catchment area, very good visibility and accessibility by car and public transport, lack of expansion potential for the two competing schemes and a 140,000 square metre development land bank it is well positioned for redevelopment into a regional retail centre.

Iasi, with 321,000 inhabitants, is the second largest city in Romania, the most important industrial centre in the northeast part of the country and a major university centre. The project is located near to densely populated and rapidly growing residential areas, on the main road that connects Iasi to most major cities in the wider region.

DNI VALUE CENTRE

During 2016 the Prime Kapital development joint venture secured a development site of approximately 41,000 square metres in Balotesti, Romania, with a view to developing a retail value centre. Since then, given

the extraordinarily high demand from retailers, an additional neighbouring plot of approximately 38,000 square metres has been acquired with the intention of developing a larger centre.

Balotesti, a rapidly developing affluent residential area, is approximately 25 kilometres north of Bucharest. Conveniently situated on the DNI, a major motorway connecting the northern lakeside residential areas with Bucharest, the land plots are adjacent to Bucharest's most successful DIY outlet, Hornbach Balotesti, and the development site for a new Lidl supermarket. Catchment analysis indicates a population of 85,000 and 137,000 within 15 and 30 minute drives respectively, with per capita purchasing power well above the Bucharest average. The planned development will be integrated with the Hornbach outlet and the new planned Lidl on the adjacent sites, extending the combined 18,122 square metres of GLA of these two operators by an additional 28,000 square metres of GLA in the first phase. Lease agreements have been entered into with anchor tenants such as Carrefour (hypermarket), as well as Jysk, Noriel and Pepco. Permitting is ongoing and the first phase of the development is scheduled to open for trade during the fourth quarter of 2018.

PLOIESTI RETAIL CENTRE

The Prime Kapital development joint venture secured approximately 95,000 square metres of land in Ploiesti, Romania, with the intention of developing and operating a 25,600 square metre GLA retail value centre with a high concentration of anchor tenants. Ploiesti, with 210,000 inhabitants and the capital of Prahova County, is placed centrally in the larger urban agglomeration emerging north of Bucharest that is home to a population of approximately 750,000. The city is an important industrial centre hosting major production facilities for leading international oil, chemical and automotive players as well as an important distribution hub for the wider area. The scheme will be integrated with the existing Kaufland mini-hypermarket located next to the project site, as well as with the Lidl supermarket to be developed on an adjacent site. The planned development is located in a densely

populated residential area in close proximity to the city's main train station, tram station and bus station with high visibility and very good road access. The property benefits from a catchment of 96,000 residents within walking distance and 565,000 residents within a 30 minute drive. Major anchor tenants have already expressed a strong interest in the project and consideration is being given to expanding the planned scheme.

BAIA MARE VALUE CENTRE

Approximately 63,000 square metres of land has been acquired in Baia Mare with the intention of developing and operating a 22,500 square metre GLA retail value centre with a high concentration of anchor tenants.

Baia Mare, with 124,000 inhabitants, is the capital of Maramures County, one of the fastest growing regions in Romania and also a major tourist destination located close to Romania's north-western border with Hungary and Ukraine. The project location is highly visible, in the immediate vicinity of a dense residential area on the main road connecting Baia Mare with the other major cities in the wider Transylvania area and is well served by public transport. The catchment is estimated to include a population of approximately 156,000 and 219,000 within 15 and 30 minute drives respectively. A lease agreement has been entered into with Carrefour to anchor the centre with a hypermarket. A building permit is expected to be secured early in 2018 with opening scheduled for the end of 2018.

ROMAN VALUE CENTRE

Approximately 61,000 square metres of land has been secured in Roman, Romania with the intention of developing and operating a 15,000 square metre GLA retail value centre with a high concentration of anchor tenants, including the first hypermarket in the town. Roman, with 45,000 inhabitants, is the second largest city in Neamt County with a significant automotive, food and construction materials industry. Nonetheless Roman lacks a relevant retail scheme. The highly visible project site is located within walking distance from the city centre, in the immediate vicinity of the train station and the city's regional bus

station. The catchment is estimated to include a population of approximately 65,000 and 100,000 within 10 and 20minute drives respectively. A lease agreement has been entered into with Carrefour to anchor the centre with a hypermarket. A building permit is expected to be secured early in 2018 with opening scheduled for the end of 2018.

KAUFLAND VALUE CENTRE EXTENSIONS

Seven land plots have been secured in various smaller cities across Romania with the intention of developing approximately 28,000 square metres of GLA of convenience value extensions to be integrated with the existing Kaufland mini-hypermarkets. Kaufland is a German discount mini-hypermarket and supermarket chain that operates in excess of 1,000 stores in Germany and several CEE countries. It has become the leading food retailer in Romania, with more than 100 well located owned and operated stores, generating over €2.2 billion in annual sales. The leasing of the first four of these developments is very advanced and the assets are expected to open for trade before the end of the 2017 calendar year.

RESIDENTIAL DEVELOPMENTS

The secured residential development pipeline consists of two large scale projects in Bucharest. The first is an 81,000 square metre site in close proximity to the new developing central business district and commercial centre in the affluent, northern part of the city on which an upmarket modern housing estate consisting of up to 550 high quality houses, townhouses and apartments is being planned. Planning is well advanced and it is expected that construction of show units will start by December 2017 with a view to be opened to the public by March 2018. The second secured project is a large-scale residential block development where up to 380 apartments will be constructed on the 15,000 square metre site in the expanding north-west of Bucharest directly adjacent to a public transport node that includes a metro station and tram stop on major public transport lines. This project is subject to zoning.

FURTHER PIPELINE

In addition to the secured pipeline, the development joint venture is currently conducting due diligence on a further €200 million of development pipeline. Further details will be made available as appropriate.

CASH MANAGEMENT AND DEBT

During the financial year the group raised €158 million via the issue of new ordinary shares in two over-subscribed private placings. As a result of acquisitions and capital expenditure on developments the group ended the financial year with €33.0 million in cash (excluding the group's share of cash held in the Prime Kapital development joint venture).

In addition, the group had €147 million of third-party debt finance in place as at 30 June 2017, having drawn-down a net amount of €112 million during the year. This leaves the asset level loan to value at 26% at 30 June 2017. Shortly after year end, a further €53 million of debt was drawn-down against the Nova Park asset and further debt is expected to be drawn on the currently ungeared Bulgarian Galleria portfolio.

DIRECTORS

Ron Spencer
(Non-executive chairman)
Lukas Nakos
(Chief executive officer)
Malcolm Levy
(Chief financial officer)
Jonathan Knight
(Chief investment officer)
Gideon Oosthuizen
(Non-executive director)
Jaco Jansen
(Non-executive director)
Morné Wilken
(Non-executive director)
Pierre Goosen
(Non-executive director)
Glynnis Carthy
(Non-executive director)

Glynnis Carthy was appointed to the Board of Directors on 30 June 2017. There were no other changes to the board during the financial year ended 30 June 2017, or to date.

TRADING STATEMENT

The group uses distribution per share as its relevant unit of measure for trading statement purposes.

MANAGEMENT ACCOUNTS

The figures referred to above have been extracted from the management accounts that can be found on pages 140 to 147 of the integrated report.

REPORTING CURRENCY

The group's results are reported in euros.

LISTINGS

MAS is listed on the Main Board of the Johannesburg Stock Exchange and the Euro MTF market of the Luxembourg Stock Exchange.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2017

Euro	Note	Year ended 30 June 2017	Year ended 30 June 2016
Rental income		27,032,238	14,203,699
Service charge income and other recoveries		4,550,190	2,047,322
		31,582,428	16,251,021
Service charge and other property operating expenses		(7,598,036)	(4,036,748)
Net rental income		23,984,392	12,214,273
Other income		—	2,355,381
Corporate expenses		(3,498,209)	(3,188,770)
Investment expenses		(281,061)	(2,159,964)
Net operating income		20,205,122	9,220,920
Fair value adjustments	5	25,592,290	6,431,719
Exchange differences	6	(4,684,895)	(12,913,210)
Share of profit/(loss) from equity accounted investees, net of tax	9	178,397	(31,908)
Profit before finance costs		41,290,914	2,707,521
Finance income		1,207,196	392,801
Finance costs		(2,238,497)	(773,765)
Profit before taxation		40,259,613	2,326,557
Current taxation		(1,741,449)	(684,749)
Deferred taxation		(3,942,153)	(143,776)
Profit for the year		34,576,011	1,498,032
Attributable to:			
Owners of the group		33,587,948	1,498,032
Non-controlling interest	13	988,063	—
Profit for the year		34,576,011	1,498,032
Earnings per share (euro cents)	20	8.43	0.49
Diluted earnings per share (euro cents)	20	8.43	0.49

The notes on pages 12 to 47 form part of these condensed abridged consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

Euro	Note	Year ended 30 June 2017	Year ended 30 June 2016
Profit for the year		34,576,011	1,498,032
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign operations – foreign currency translation differences, net of tax	12	(5,371,692)	(12,387,307)
Total comprehensive income/(loss) for the year		29,204,319	(10,889,275)
Attributable to:			
Owners of the group		28,216,256	(10,889,275)
Non-controlling interest		988,063	–
Total comprehensive income/(loss) for the year		29,204,319	(10,889,275)

The notes on pages 12 to 47 form part of these condensed abridged consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

Euro	Note	As at 30 June 2017	As at 30 June 2016
<i>Non-current assets</i>			
Intangible assets		23,967,355	25,262,818
Investment property	7	564,291,928	306,996,079
Investment in equity accounted investees	9	20,205,297	19,991,716
Financial instruments	15	101,134,245	—
Property, plant and equipment		560,019	241,083
Deferred taxation asset		758,055	721,292
Total non-current assets		710,916,899	353,212,988
<i>Current assets</i>			
Financial investments	8	—	51,614,068
Derivative financial instruments	15	66,097	—
Trade and other receivables		8,707,035	11,264,083
Cash and cash equivalents		33,017,502	47,997,978
Assets held for sale		6,336,915	3,515,237
Total current assets		48,127,549	114,391,366
Total assets		759,044,448	467,604,354
<i>Equity</i>			
Share capital	10	557,556,273	378,530,556
Geared share purchase plan shares	10	(21,056,010)	—
Retained earnings		55,888,038	27,503,007
Share-based payment reserve	11	225,973	—
Foreign currency translation reserve	12	(10,560,303)	(5,188,611)
Equity attributable to owners of the group		582,053,971	400,844,952
Non-controlling interest	13	988,063	—
Total equity		583,042,034	400,844,952
<i>Non-current liabilities</i>			
Interest bearing borrowings	14	141,751,953	43,227,831
Financial instruments	15	1,670,086	5,396,943
Deferred taxation liability		4,998,374	1,242,741
Total non-current liabilities		148,420,413	49,867,515
<i>Current liabilities</i>			
Interest bearing borrowings	14	5,461,444	1,350,764
Financial instruments	15	11,211,990	7,146,090
Trade and other payables		10,816,762	8,296,197
Provisions		91,805	98,836
Total current liabilities		27,582,001	16,891,887
Total liabilities		176,002,414	66,759,402
Total shareholders' equity and liabilities		759,044,448	467,604,354
Actual number of shares in issue	10	467,366,299	348,625,219

The notes on pages 12 to 47 form part of these condensed abridged consolidated financial statements.

These condensed abridged consolidated financial statements were approved by the board of directors and signed on 1 September 2017 on their behalf by:

Ron Spencer
Chairman

Malcolm Levy
Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Note	Share capital	Geared share purchase plan shares	Retained earnings	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the group	Non-controlling interest	Total equity
Balance at 30 June 2015		305,671,992	—	40,269,910	—	7,198,696	353,140,598	—	353,140,598
<i>Comprehensive income for the year</i>									
Profit for the year		—	—	1,498,032	—	—	1,498,032	—	1,498,032
Other comprehensive income		—	—	—	—	(12,387,307)	(12,387,307)	—	(12,387,307)
Total comprehensive income for the year		—	—	1,498,032	—	(12,387,307)	(10,889,275)	—	(10,889,275)
<i>Transactions with the owners of the group</i>									
Issue of shares	10	72,858,564	—	—	—	—	72,858,564	—	72,858,564
Distributions	10	—	—	(14,264,935)	—	—	(14,264,935)	—	(14,264,935)
Total transactions with the owners of the group		72,858,564	—	(14,264,935)	—	—	58,593,629	—	58,593,629
Balance at 30 June 2016		378,530,556	—	27,503,007	—	(5,188,611)	400,844,952	—	400,844,952
<i>Comprehensive income for the year</i>									
Profit for the year		—	—	33,587,948	—	—	33,587,948	988,063	34,576,011
Other comprehensive income		—	—	—	—	(5,371,692)	(5,371,692)	—	(5,371,692)
Total comprehensive income for the year		—	—	33,587,948	—	(5,371,692)	28,216,256	988,063	29,204,319
<i>Equity transactions</i>									
Share-based payment reserve	11	—	—	—	225,973	—	225,973	—	225,973
Total equity transactions		—	—	—	225,973	—	225,973	—	225,973
<i>Transactions with the owners of the group</i>									
Issue of shares	10	192,292,442	(21,056,010)	—	—	—	171,236,432	—	171,236,432
Distributions	10	(13,266,725)	—	(5,202,917)	—	—	(18,469,642)	—	(18,469,642)
Total transactions with the owners of the group		179,025,717	(21,056,010)	(5,202,917)	—	—	152,766,790	—	152,766,790
Balance at 30 June 2017		557,556,273	(21,056,010)	55,888,038	225,973	(10,560,303)	582,053,971	988,063	583,042,034

The notes on pages 12 to 47 form part of these condensed abridged consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

Euro	Note	Year ended 30 June 2017	Year ended 30 June 2016
Profit for the year		34,576,011	1,498,032
Adjustments for:			
Depreciation		27,864	35,535
Provisions		—	98,836
Share-based payment expense	16	245,419	—
Fair value adjustments	5	(25,592,290)	(6,431,719)
Exchange differences	6	4,684,895	12,913,210
Finance income		(1,207,196)	(392,801)
Finance costs		2,238,497	773,765
Share of (profit)/loss from equity accounted investees	9	(178,397)	31,908
Taxation expense		5,683,602	828,525
Changes in:			
Trade and other receivables		2,557,048	(6,736,280)
Trade and other payables		2,520,565	3,500,837
Cash generated from operating activities		25,556,018	6,119,848
Taxation paid		(1,066,198)	(310,994)
Net cash from operating activities		24,489,820	5,808,854
Investing activities			
Acquisition of investment property	7	(156,414,516)	(37,439,245)
Capitalised acquisition costs on investment property	7	(3,993,439)	(4,578,229)
Capitalised expenditure on investment property	7	(17,907,155)	(38,016,628)
Settlement of investment property acquisition retentions	15	(3,318,865)	(255,755)
Proceeds from the sale of investment property	7	7,999,160	1,814,850
Acquisition of subsidiary net of cash acquired	17	(61,326,012)	—
Acquisition of PKM preference shares	15	(100,000,000)	—
Acquisition of equity accounted investee	9	—	(20,000,000)
Capitalised transaction costs of equity accounted investee	9	(35,184)	(23,624)
Acquisition of property, plant and equipment		(34,425)	(263,591)
Capitalised expenditure on intangible assets		(222,519)	—
Issue of short term loans receivable	19	—	(18,920,000)
Proceeds from the sale of financial investments	8	47,045,042	40,376,739
Proceeds from the repayment of short term loans receivable	19	—	19,918,247
Interest paid on cash and equivalents		(6,830)	(3,522)
Interest received		72,951	392,801
Settlement of financial liability	15	(3,327,225)	—
Cash used in investing activities		(291,469,017)	(56,997,957)
Financing activities			
Proceeds from the issue of share capital	10	157,984,909	37,676,095
Proceeds from interest bearing borrowings	14	111,657,786	30,550,000
Transaction costs related to interest bearing borrowings	14	(2,168,837)	(412,345)
Repayment of interest bearing borrowings	14	(7,098,329)	(922,638)
Interest paid on interest bearing borrowings	14	(2,470,916)	(827,855)
Distributions paid	10	(5,202,917)	(7,238,795)
Cash generated from financing activities		252,701,696	58,824,462
Net (decrease)/increase in cash and equivalents		(14,277,501)	7,635,359
Cash and cash equivalents at the beginning of the year		47,997,978	45,111,775
Effect of movements in exchange rate fluctuations on cash held		(702,975)	(4,749,156)
Cash and cash equivalents at the end of the year		33,017,502	47,997,978

The notes on pages 12 to 47 form part of these condensed abridged consolidated financial statements.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. REPORTING ENTITY

The company is domiciled in the British Virgin Islands. These condensed abridged consolidated financial statements as at, and for the year ended, 30 June 2017 comprise the condensed consolidated financial statements of MAS REI Inc (the “company”) and its subsidiaries (together the “group”).

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

2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

These condensed abridged consolidated financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standard (“IFRS”) 34: Interim Financial Reporting as issued by the IASB, the JSE Listings Requirements, the Rules and Regulations of the Luxembourg Stock Exchange and applicable legal and regulatory requirements of the BVI Business Companies Act 2004.

BASIS OF MEASUREMENT

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

- Financial instruments classified as FVTPL (see note 15);
- Share-based payments (see note 16);
- Investment property (see note 7); and
- Assets held for sale.

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 upon the inputs used in the valuation technique as follows:

- 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 period during which the change occurred.

USE OF JUDGEMENT AND ESTIMATION UNCERTAINTY

In the preparation of these condensed abridged consolidated financial statements the directors have made judgements, estimates and assumptions that affect the application of the group’s accounting policies and the reported amounts in the financial statements. The directors continually evaluate these judgements and estimates in

relation to assets, liabilities, contingent liabilities, revenue and expenses based upon historical experience and on other factors that they believe to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions. The key areas of judgement are as follows:

- **Investment property:** Except where fair value cannot be reliably determined the valuation of investment property is determined by external property valuation experts or where relevant, firm offers from market participants looking to acquire the assets. The external property valuation experts use recognised valuation techniques and apply the principles of IFRS 13: Fair value measurement. The significant methods and assumptions used by the valuers in estimating fair value are set out in note 7. Where fair value is not reliably determinable, the group uses costs less impairment. The directors have assessed the value of investment property held at cost and no impairment has been recognised.
- **Financial instruments:** In determining the fair value of financial instruments and financial investments at fair value through profit or loss, the group is required to make estimations of unobservable inputs in determining fair value. The significant methods and assumptions used in estimating fair value are set out in note 15.
- **Investment in equity accounted investee:** The group recognises an investment in associate when there is significant influence over the investee. Judgements are made to assess the extent of influence it has over its investments and whether there is significant influence. Where the group has significant influence but not control, the investee is recognised as an investment in associate (see note 9).
- **Loan commitments:** The group has loan commitments to an equity accounted investee (see note 9). Judgements are made to assess the market related rate of loan commitments. Loan commitments at a market related rate are not in the scope of IFRS 9, rather IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, until such time as the impairment guidance in IFRS 9 becomes effective. The group applied judgement in reviewing the loan commitment made to PKM Development Limited (“PKM”) and determined that the cost of funding the loan commitment is lower than the rate to be charged, accordingly the loan commitment is neither onerous nor impaired.
- **Impairments:** The group annually reviews the recoverable amount of CGUs to which goodwill has been allocated. The group uses assumptions in determining the recoverable amount, which is an estimate and may differ from actual results in the future.
- **Taxation:** The group is subject to income tax across the jurisdictions where it operates. There are assumptions made in the computation of the provision for taxation across the operating subsidiaries.
- **Deferred taxation:** The group recognises deferred taxation assets to the extent that there are forecast future taxable profits against which the carry forward tax losses can be used. Judgements and estimations are made to assess the future taxable profits of the group.
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NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

2. BASIS OF PREPARATION (CONTINUED)

- **Determination of whether the acquisition of an investment property is a business combination:** The group applies judgement to the acquisition of investment property to determine whether the acquisition is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 'Business Combinations'. The group has determined the acquisitions of Galleria Burgas EAD and Galleria - Stara Zagora EAD were business combinations because the group acquired the business operations (see note 17). The group has determined all other acquisitions of investment property in the current and prior year were not business combinations, rather acquisitions of investment property assets (see note 7).
- **Business combinations:** The group recognises business combinations when it obtains control of an entity. The group applies judgement when determining the fair value of the opening balances in the acquired entities primary statements.
- **Share-based payments:** Under the terms of the geared share purchase plan, participants are granted loans to acquire shares, with recourse limited to the shares acquired. These are treated as options under IFRS2: Share-based Payment. The fair value at grant date is measured by use of a Black-Scholes Merton model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, dividends and behavioural considerations, see note 16.

PRESENTATION CURRENCY

These condensed abridged consolidated financial statements are presented in euro which is the company's functional currency.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Below is a summary of amendments/improvements to standards and interpretations that are not yet effective and were not early adopted:

Amendments/improvements to standards and interpretations not yet effective	IASB effective for annual periods beginning on or after
Disclosure initiative (Amendments to IAS 7)	1 January 2017
Amendments regarding the recognition of deferred tax assets for unrealised losses	1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
Amendments resulting from Annual Improvements 2014-2016 cycle	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 (2014) Financial Instruments*	1 January 2018
Classification and measurement of share-based payment transactions (Amendments to IFRS 2)	1 January 2018
IFRS 16 Leases	1 January 2019

* The group early adopted IFRS 9 (2013) in the financial year ending 30 June 2015. All other new standards and amendments will be adopted in the year that they first become effective for the group.

3. SIGNIFICANT GENERAL ACCOUNTING POLICIES

For specific accounting policies please refer to the corresponding notes.

FINANCIAL INSTRUMENTS

i 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 are recognised when the group becomes party to the contractual provisions of the asset.

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.

The group may classify financial assets that meet the criteria to be classified as financial assets at amortised cost as financial assets at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise if the financial asset were measured at amortised cost.

Financial assets classified as financial assets at amortised cost are recognised initially at fair value plus any directly attributable transaction costs at the settlement date. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

IMPAIRMENT

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that an incurred loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against trade and other receivables. Interest on the impaired asset continues to be recognised to the extent that it is probable that the interest will be collected.

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

FINANCIAL ASSETS AT FAIR VALUE

A financial asset is classified as fair value if it does not meet either criteria for classification of a financial asset at amortised cost. The group initially recognises these financial assets at trade date and attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss 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 rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

ii. FINANCIAL LIABILITIES

The group classifies its financial liabilities into the following categories: financial liabilities at amortised cost and financial liabilities at fair value. Financial liabilities are recognised when the group becomes party to the contractual provisions of the liability.

FINANCIAL LIABILITIES AT FAIR VALUE

Financial liabilities are classified as financial liabilities at fair value if they are: financial liabilities that are held for trading; derivative financial instruments; financial liabilities designated as fair value; financial liabilities that arise when a transfer of a financial liability does not qualify for derecognition or when the continuing involvement applies; financial guarantees; and commitments to provide loans at a below-market interest rate.

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.

The group initially recognises financial liabilities at fair value at trade date and attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are subsequently measured at fair value and changes therein are recognised in profit or loss in the period in which they occur.

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.

These financial liabilities are initially recognised at fair value plus any directly attributable transactions costs at the settlement date. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

DERECOGNITION OF FINANCIAL LIABILITIES

The group derecognises a financial liability when the contractual obligations of the liability expire, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

BORROWING COSTS

Interest bearing borrowings 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.

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

SERVICE CHARGES AND OTHER PROPERTY OPERATING EXPENSES

Service charge and other property operating expenses are costs incurred in relation to operating investment property. These expenses are recognised in profit or loss in the period in which they are incurred within service charge and other property operating expenses.

Employee benefits which relate to the operating of investment properties are also recognised in service charge and other property operating expenses to the extent that they relate to income-generating property and capitalised where they relate to development property. Employee benefits comprise salary, annual leave and the current expense in relation to the geared share purchase plan. These short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

CORPORATE EXPENSES

Corporate expenses are company specific costs which are incurred in relation to the company's listing and the group's structuring, these costs are not incurred in relation to operating investment property. These expenses are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

4. RENTAL INCOME

ACCOUNTING POLICY

Rental income from investment properties leased out under operating leases is recognised in 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. The un-expensed direct costs are held as receivables within trade and other receivables in the statement of financial position.

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.

DISCLOSURE

Rental income of €27,032,238 was generated for the year ended 30 June 2017 (2016: €14,203,699). Included in rental income is contingent rent of €1,710,060 (2016:€nil)

Rental income derived from the following tenants represents more than 10% of the group's rental income and is included within the income-generating segment of the group:

Euro	Year ended 30 June 2017
Edeka MIHA AG	5,316,024
<hr/>	
Euro	30 June 2016
Toom Baumarkt GMBH	2,227,811
Bauhaus GmbH and Co KG	1,644,562
	3,872,373

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

Euro	As at 30 June 2017	As at 30 June 2016
No later than 1 year	34,403,438	18,796,482
Greater than 1 year and less than 5 years	116,200,143	71,729,913
Greater than 5 years	190,513,803	157,873,608
	341,117,384	248,400,003

5. FAIR VALUE ADJUSTMENTS

ACCOUNTING POLICY

Fair value adjustments comprise:

FAIR VALUE ADJUSTMENTS ON INVESTMENT PROPERTY

Investment property is measured at fair value at the reporting date and changes therein are recognised within fair value adjustments in profit or loss in the period in which they occur.

FAIR VALUE ADJUSTMENTS ON ASSETS HELD FOR SALE

Assets held for sale are measured at fair value at the reporting date and changes therein are recognised within fair value adjustments in profit or loss in the period in which they occur.

FAIR VALUE ADJUSTMENTS ON FINANCIAL INVESTMENTS

Financial investments held at fair value through profit or loss are measured at fair value at the reporting date and changes therein are recognised within fair value adjustments in profit or loss in the period in which they occur.

FAIR VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS

Financial instruments held at fair value through profit or loss are measured at fair value at the reporting date and changes therein are recognised within fair value adjustments in profit or loss in the period in which they occur.

DISCLOSURE

The group's fair value adjustments comprise the following:

Euro	Note	Year ended 30 June 2017	Year ended 30 June 2016
Fair value adjustments			
Gain/(loss) on fair value of investment property		36,763,196	(3,088,606)
Gain on assets held for sale		786,795	—
(Loss)/gain on fair value of financial investments		(4,569,026)	12,938,105
(Loss) on fair value of financial instruments		(7,388,675)	(3,417,780)
		25,592,290	6,431,719
<i>Detailed as follows:</i>			
Fair value of investment property			
Income-generating	7	19,437,659	(1,764,630)
Development	7	17,325,537	(2,103,869)
Land bank	7	—	779,893
		36,763,196	(3,088,606)
Fair value movement in assets held for sale			
Langley Park - retail unit		(16,730)	—
New Waverley - retail unit		803,525	—
		786,795	—
Fair value of financial investments			
Karoo Fund	8	—	6,130,579
Sirius	8	(4,569,026)	6,807,526
		(4,569,026)	12,938,105
Fair value of financial instruments			
Zurich interest rate swap	15	520,083	(301,857)
Aldi portfolio interest rate swap	15	249,511	(191,737)
Attacq Limited financial liability	15	—	(4,032,584)
New Waverley Development management fee	15	(1,885,457)	(1,092,047)
New Waverley Priority participating profit dividend	15	(6,272,812)	2,200,445
		(7,388,675)	(3,417,780)

6. EXCHANGE DIFFERENCES

ACCOUNTING POLICY

Transactions in foreign currencies are translated into the functional currency of the group at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at that date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate at the date the fair value was determined. Foreign currency differences are recognised in profit or loss. Non-monetary items that are measured based on the historical cost in a foreign currency are not translated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in euros using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

6. EXCHANGE DIFFERENCES (CONTINUED)

DISCLOSURE

The group has loans between group entities which are eliminated on consolidation, the foreign exchange differences arising on these intra-group loans are not eliminated and are recognised in profit or loss because they are not deemed to be a net investment in a foreign operation.

Where intra-group loans are denominated in the non-euro functional currency of the foreign operation and are from group entities with a euro functional currency, there is no foreign exchange movement recognised in profit or loss of the foreign operation, but there is a foreign exchange movement recognised in the profit or loss of the group entity with a euro functional currency. A foreign exchange movement on the foreign operation is recognised in other comprehensive income and accumulated in the foreign currency translation reserve when the intra-group loans of the foreign operation are translated into euros, the presentational currency of the group.

Exchange gains and losses arise from the revaluation of monetary assets and liabilities. It is not the policy of the group to hedge currencies held between euro, sterling, Swiss franc, Polish Zloty and Bulgarian Lev. As a result, exchange differences arise predominantly from the intra-group loans to foreign operations. In the current year, this totalled a loss of €4,684,895 (2016: €12,913,210 (loss)).

7. INVESTMENT PROPERTY

ACCOUNTING POLICY

Investment property comprises freehold land, leasehold land, buildings and installed equipment held for the purpose of earning rental income and for capital appreciation. Investment property also includes property under construction for future use as investment property.

Investment properties are treated as long-term investments and are initially recognised at cost (including related transaction costs unless acquired as part of a business combination) and are subsequently measured at fair value, with any changes therein recognised in profit or loss. Subsequent additions that produce future economic benefits to the group are capitalised.

Fair value is based on active market prices, adjusted, if necessary for differences in nature, location, and tenant, amongst other items. If this information is not available, the group uses alternative valuation methods such as discounted cash flows. External valuations, where applicable, are performed by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience of valuing that type and location of investment property.

Development property and land bank are initially recognised at cost and subsequently remeasured to fair value. The fair value of development property and land bank is not always reliably determinable due to the properties being in the early stages of construction or where construction has not yet begun. Where fair value cannot be reliably determined, but the group expects that the fair value will be reliably determinable when construction is further progressed, the group measures such properties at cost less impairment until such point in time that the fair value becomes reliably determinable. Where fair value cannot be reliably determined and there are indicators of impairment, the recoverable amount is estimated. In this situation, the recoverable amount is determined using value in use, because the fair value less costs to sell is not reliably determinable. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Any gains or losses arising from changes in fair value are included in the profit or loss. Gains or losses arising from the disposal of investment property, being the difference between the net disposal proceeds and the carrying amount, are recognised in profit or loss.

General and specific borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of investment property that meets the definition of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs continues until the asset is substantially ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings used for development purposes or, at the average rate in respect of that part of the development cost financed out of general funds.

All costs directly associated with the purchase and construction of a property are capitalised.

DISCLOSURE

The group's investment property comprises income-generating property, development property and land bank:

Segment	Detail
Income-generating property	Property that is currently producing income and held for the purpose of earning a yield. There may be further asset management opportunities on these properties, which could further enhance income returns.
Development property	Property that is being developed in order to create income producing property held for the purpose of earning a better yield than by acquiring standing property.
Land bank	Land plots held for schemes that have not yet commenced.

The carrying amount of the group's investment property is as follows:

Euro	As at 30 June 2017			As at 30 June 2016		
	Fair value	Cost	Total	Fair value	Cost	Total
Income-generating property	494,519,173	—	494,519,173	242,625,172	—	242,625,172
Development property	26,413,036	3,668,759	30,081,795	17,927,863	4,502,390	22,430,253
Land bank	—	39,690,960	39,690,960	—	41,940,654	41,940,654
	520,932,209	43,359,719	564,291,928	260,553,035	46,443,044	306,996,079

As at 30 June 2017

Euro	Income-generating	Development	Land bank	Total
Opening balance	242,625,172	22,430,253	41,940,654	306,996,079
Property acquisitions	156,414,516	—	—	156,414,516
Property acquisitions as part of business combinations (see note 17)	61,330,722	—	—	61,330,722
Capitalised acquisition costs	3,993,439	—	—	3,993,439
Property disposal	(7,737,076)	(262,084)	—	(7,999,160)
Transfers	24,786,917	(23,276,980)	(1,509,937)	—
Capitalised expenditure	840,436	15,407,910	1,658,809	17,907,155
Capitalised interest on general borrowings (see note 14)	—	447,749	121,549	569,298
Transfer to assets held for sale	(2,180,000)	(115,378)	—	(2,295,378)
Fair value adjustment (see note 5)	19,437,659	17,325,537	—	36,763,196
Foreign currency translation reserve	(4,992,612)	(1,875,212)	(2,520,115)	(9,387,939)
Closing balance	494,519,173	30,081,795	39,690,960	564,291,928

As at 30 June 2016

Euro	Income-generating	Development	Land bank	Total
Opening balance	164,390,518	42,907,443	41,240,845	248,538,806
Property acquisitions	37,439,245	—	—	37,439,245
Capitalised retentions (see note 15)	1,370,755	—	—	1,370,755
Capitalised acquisition costs	4,578,229	—	—	4,578,229
Property disposal	(1,814,850)	—	—	(1,814,850)
Transfer	43,937,100	(43,937,100)	—	—
Capitalised expenditure	749,693	31,356,543	5,910,392	38,016,628
Capitalised financial liability (see note 15)	—	—	3,327,225	3,327,225
Capitalised interest on general borrowings (see note 14)	—	28,452	354	28,806
Fair value adjustment (see note 5)	(1,764,630)	(2,103,869)	779,893	(3,088,606)
Transfer to assets held for sale	—	—	(3,515,237)	(3,515,237)
Foreign currency translation reserve	(6,260,888)	(5,821,216)	(5,802,818)	(17,884,922)
Closing balance	242,625,172	22,430,253	41,940,654	306,996,079

The fair value movement of investment property was €36,763,196 (2016: €3,088,606 loss) for the year, of which €912,710 (€nil) relates to realised fair value movements on the sale of some of the Aldi portfolio.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

7. INVESTMENT PROPERTY (CONTINUED)

OPERATING LEASES

Investment properties are subject to operating leases. The group's investment property portfolio generated €27,032,238 (2016: €14,203,699) in rental income and €4,550,190 (2016: €2,047,322) in service charge income and other recoveries with service charge and other property expenses of €7,598,036 (2016: €4,036,748) being recognised in profit or loss.

INTEREST BEARING BORROWINGS

Bank borrowings of €147,213,397 (2016: €44,578,595) are secured against investment property (see note 14). The group has designated bank borrowings drawdown in the period of €111,657,786 as general borrowings (2016: €30,550,000). During the year interest costs on general borrowings of €569,298 (2016: €28,806) (see note 14) have been capitalised and are included within development property and landbank.

CAPITAL COMMITMENTS

The group has capital commitments of €78,840,105 (2016: €9,536,867) in respect of capital expenditures contracted for at the reporting date (see note 22).

RELATED PARTIES

The group has a development management arrangement with the developer New Waverley Advisers, a related party, for the development and construction of the New Waverley site in Edinburgh. A cumulative development management fee of €4,052,171 (2016: €2,367,448) and a cumulative priority participating dividend of €6,078,256 (2016: €nil) have been recognised in relation to the New Waverley development (see notes 15 and 19). During the year, the group recognised a fair value adjustment in relation to the development management fee of €1,885,457 (2016: €1,092,047) and the priority participating profit dividend of €6,272,812 (2016: -€2,200,445).

The group has capitalised costs incurred from related parties amounting to €13,036,726 (2016: €27,117,356) during the year, (see note 19).

DEFERRED CONSIDERATION

On the acquisition of Heppenheim retail park, Bruchsal and Edeka Thales portfolio, the group retained a portion of the purchase price per the respective sales and purchase agreement. These retentions will be released to the vendors at such time as they complete the retention activities. These amounts have been accounted for as deferred consideration.

MEASUREMENT OF FAIR VALUES

VALUATION PROCESS FOR LEVEL 3 INVESTMENT PROPERTY

On an annual basis the fair value of investment property is determined, where applicable, by external independent property valuation experts. External valuers have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. For details of the respective valuers used refer to page [122].

For all investment properties their current use equates to the highest and best use. The external valuations received are initially reviewed by the relevant internal asset manager and compared to the expectation of what fair value would be for individual investment properties. If the asset manager agrees with the valuation, the valuation reports are then checked by the finance team to confirm their numerical and methodological accuracy.

FAIR VALUE HIERARCHY

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

The following table shows the carrying amount and fair value of the group's investments in the fair value hierarchy:

Euro	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Income-generating property	494,519,173	—	—	494,519,173
Development property	26,413,036	—	—	26,413,036
	520,932,209	—	—	520,932,209

Euro	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Income-generating property	242,625,172	—	—	242,625,172
Development property	17,927,863	—	—	17,927,863
	260,553,035	—	—	260,553,035

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used. During the year, the group changed its valuation technique on the completed New Waverley properties from discounted cash flows to capitalisation rate as it believes this results in a more accurate fair value for these properties.

As at 30 June 2017

Investment property type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income-generating property	<i>Discounted cash flows:</i> 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.	<ul style="list-style-type: none"> • Risk adjusted discount rates • Estimated rental value • Net rental growth • Reversionary discount rate 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • Expected market rental growth was higher/(lower) • The estimated rental value was higher/(lower) • The reversionary discount rate was lower/(higher) • The risk adjusted discount rate was lower/(higher)
	<i>Capitalisation rate:</i> The valuation model considers the value of the property based on actual location, size and quality of the properties taking into account market data and the capitalisation rate of future income streams at the valuation date.	<ul style="list-style-type: none"> • Capitalisation rate • Market rent • Passing rent 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • the capitalisation rate was lower/(higher) • the passing rent was higher/(lower) • the market rent was higher/(lower)

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

7. INVESTMENT PROPERTY (CONTINUED)

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS (CONTINUED)

As at 30 June 2017 (continued)

Investment property type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Development property	<i>Firm offers:</i> The valuation model takes into account the amount a third party is willing to pay.	<ul style="list-style-type: none"> Offers 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> The number of the interested parties was higher/(lower) The availability of comparable properties lower/(higher)

As at 30 June 2016

Investment property type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income-generating property	<i>Discounted cash flows:</i> 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.	<ul style="list-style-type: none"> Risk adjusted discount rates Estimated rental value Net rental growth Reversionary discount rate 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> Expected market rental growth was higher/(lower) The estimated rental value was higher/(lower) The reversionary discount rate was lower/(higher) The risk adjusted discount rate was lower/(higher)
Development property	<p><i>Discounted cash flows less cost to complete:</i> The discounted cash flow is determined on the same basis as income-generating properties based on the completed development property.</p> <p>Costs to complete as determined by external quantity surveyors are deducted from the discounted cash flow.</p>	<ul style="list-style-type: none"> Risk adjusted discount rates Estimated rental value Net rental growth Reversionary discount rate Costs to complete Completion date 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> Expected market rental growth was higher/(lower) The estimated rental value was higher/(lower) The reversionary discount rate was lower/(higher) The risk adjusted discount rate was lower/(higher) The costs to complete were lower/(higher) Completion date was earlier/(later)

FAIR VALUE SENSITIVITY ANALYSIS

As at 30 June 2017

INCOME-GENERATING PROPERTY

		Significant unobservable inputs											
		Discount rate			Net rental growth			Reversionary discount rate			Estimated Rental Value		
Technique	Valuation	Sensitivity			Sensitivity			Sensitivity			Sensitivity		
		Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input p.a	Change	Valuation
DCF ¹	417,844,894	4.75%	0.50%	405,583,114	1.00%-6.75%	2.50%	433,652,067	4.42%-9.00%	0.50%	394,024,086	31,461,564	10.00%	444,161,124
		12.00%	-0.50%	444,334,644		-2.50%	414,046,319		-0.50%	418,742,092		-10.00%	401,386,474
		Capitalisation rate											
		Sensitivity											
Technique	Valuation	Input %	Change	Valuation									
Capitalisation rate	76,674,279	4.25%-7.00%	0.50%	66,628,548									
			-0.50%	83,572,828									
494,519,173													

DEVELOPMENT PROPERTY

		Market offer		
		Sensitivity		
Technique	Valuation	Input	Change	Valuation
Firm Offers	26,413,036	26,413,036	5.00%	27,733,687
			-5.00%	25,092,384

As at 30 June 2016

INCOME-GENERATING PROPERTY

		Significant unobservable inputs											
		Discount rate			Net rental growth			Reversionary discount rate			Estimated Rental Value		
Technique	Valuation	Sensitivity			Sensitivity			Sensitivity			Sensitivity		
		Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input p.a	Change	Valuation
DCF ¹	242,625,172	4.40%	0.50%	236,197,023	7.00%	2.50%	258,029,045	0.00%-8.25%	0.50%	219,833,854	44,803,837	10.00%	255,783,647
			-0.50%	255,037,746		-2.50%	237,489,590		-0.50%	231,776,329		-10.00%	235,430,655

DEVELOPMENT PROPERTY

		Significant unobservable inputs						
		Discount rate			Costs to complete			
		Sensitivity			Sensitivity			
Technique	Valuation	Input %	Change	Valuation	Input	Change	Valuation	
DCF ¹	17,927,863	5.75%	0.50%	15,871,033	9,536,867	10.00%	20,226,673	
			-0.50%	20,347,663		-10.00%	15,629,053	

1. DCF less costs to complete.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

8. FINANCIAL INVESTMENTS

ACCOUNTING POLICY

Financial investments have been classified as fair value through profit or loss ("FVTPL"). Accordingly, they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss.

Refer to note 3 for the group's general accounting policy for financial instruments.

DISCLOSURE

The carrying amount of the group's financial investments was as follows:

Euro	As at 30 June 2017	As at 30 June 2016
Sirius	—	51,614,068

During the year the group recognised €nil in dividends from the investment in Sirius (2016: €1,717,829). On 22 August 2016, the group sold 60,000,000 shares in Sirius for €29,282,323. As a result the group's shareholding in Sirius decreased to 4.3%. On 21 September 2016, the remaining 36,474,895 shares in Sirius were disposed of for €17,762,719.

RECONCILIATION OF FINANCIAL INVESTMENTS AT FAIR VALUE

As at 30 June 2017

Euro	Note	Karoo Fund	Sirius	Total
Opening balance		—	51,614,068	51,614,068
Disposal		—	(47,045,042)	(47,045,042)
Fair value movement	7	—	(4,569,026)	(4,569,026)
		—	—	—

As at 30 June 2016

Euro		Karoo Fund	Sirius	Total
Opening balance		67,221,894	14,951,843	82,173,737
Cash redemptions		(40,376,739)	—	(40,376,739)
Receipt of shares from in-specie redemption		(29,834,661)	29,834,661	—
Fair value movement	7	6,130,579	6,807,526	12,938,105
Foreign currency translation difference in OCI		(3,141,073)	20,038	(3,121,035)
		—	51,614,068	51,614,068

FAIR VALUE HIERARCHY

The following table shows the carrying amount and fair value of the group's investments in the fair value hierarchy:

As at 30 June 2016

Euro	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Sirius	51,614,068	51,614,068	—	—
	51,614,068	51,614,068	—	—

VALUATION TECHNIQUES AND UNOBSERVABLE INPUTS

At 30 June 2016, all inputs into the valuation are observable as the Sirius financial investment is listed. The group did not hold any shares in Sirius at 30 June 2017.

9. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

ACCOUNTING POLICY

Equity accounted investees comprise investments in associates. Associates are entities in which the group has significant influence over the financial and operating policies. Significant influence 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 policies.

Interests in associates are initially recognised at cost including transaction costs. Subsequently, they are accounted for using the equity method. In terms of this, 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. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses 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.

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.

DISCLOSURE

The carrying amount of the group's investments in equity accounted investees was as follows:

Euro	As at 30 June 2017	As at 30 June 2016
PKM Development Limited	20,205,297	19,991,716

RECONCILIATION OF INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

Euro	As at 30 June 2017	As at 30 June 2016
Opening balance	19,991,716	—
Acquisition	—	20,000,000
Capitalised acquisition costs	35,184	23,624
	20,026,900	20,023,624
Share of profit/(loss), net of tax	178,397	(31,908)
Closing balance	20,205,297	19,991,716

The group has an investment in PKM Development Limited ("PKM"), a development property group which develops investment property predominately in Romania and other central and eastern European countries. PKM Development is an associate of the group, MAS owns 40% of the ordinary shares and therefore has significant influence over the entity. The remaining 60% of the ordinary shares of PKM Development are owned by Prime Kapital, who acts as the developer.

MAS has committed to fund PKM Development through investing in 7.5% cumulative preference shares issued by PKM Development ("PKM Preference Shares"). On 6 April 2017 and 19 May 2017, the group provided €30,000,000 and €70,000,000 respectively to acquire 7.5% preference shares in PKM Development (see note 15). At the year end the group had a commitment to fund an additional €100,000,000 through the PKM Preference Shares. At the dates of the commitments management determined that the cost of funding the loan commitments is lower than the rates to be charged, accordingly the loan commitments are neither onerous nor impaired.

The following table summarises the financial information of PKM Development as included in its own financial statements:

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

9. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (CONTINUED)

Euro	As at 30 June 2017	As at 30 June 2016
Statement of financial position – PKM Development		
Non-current assets	48,139,879	2,697,078
Current assets	105,905,277	47,496,624
Total assets	154,045,156	50,193,702
Non-current liabilities	101,134,247	–
Current liabilities	2,544,687	273,474
Total liabilities	103,678,934	273,474
Net assets	50,366,222	49,920,228
Percentage ownership interest	40%	40%
Group share of net assets	20,146,489	19,968,092
Capitalised costs	58,808	23,624
Carrying amount	20,205,297	19,991,716
Euro	For the year ended 30 June 2017	For the period ended 30 June 2016
Statement of profit or loss – PKM Development		
Revenue	2,009	–
Corporate expenses	(131,992)	(36,756)
Finance income	190,867	100,828
Other income	284,363	–
Finance costs	(13,739)	(38,392)
Exchange differences	115,719	–
Investment expenses	(1,235)	(105,450)
Total profit/(loss)	445,992	(79,770)
Percentage ownership interest	40%	40%
Group's share of profit/(loss)	178,397	(31,908)

PKM Development has no other comprehensive income.

10. SHARE CAPITAL AND GEARED PURCHASE PLAN SHARES

ACCOUNTING POLICY

ORDINARY SHARES

Ordinary 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 taxation effects.

The group's policy is to maintain a strong capital base to allow sustainable development. Management monitors the return on capital as well as the distributions made to shareholders.

GEARED PURCHASE PLAN SHARES

The geared 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 taxation effects. When the geared purchase plan shares are sold or issued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is recognised within share capital.

DISCLOSURE

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

	Note	Number of shares	Share capital Euro
Balance at 30 June 2015		291,787,889	305,671,992
Issued during the year			
- Scrip distributions		5,671,745	7,026,140
- Settlement of Attacq liability	25	21,317,449	28,156,329
- Issue of share capital		29,848,136	37,676,095
		56,837,330	72,858,564
Balance at 30 June 2016		348,625,219	378,530,556
Issued during the year			
- Issue of share capital		108,974,358	157,984,909
- Geared purchase plan shares	27	12,850,000	21,056,010
- Distributions reinvested		9,766,722	13,251,523
		131,591,080	192,292,442
Distributed during the year			
- Scrip distributions		—	(13,266,725)
		—	(13,266,725)
		480,216,299	557,556,273
Geared purchase plan shares (unissued)		(12,850,000)	(21,056,010)
Balance at 30 June 2017		467,366,299	536,500,263

Distributions reinvested represent scrip dividends paid out of share capital.

CAPITAL RAISE

On 29 July 2016 the group issued 25,641,026 shares at an issue price of €1.24 (ZAR19.50) as part of an accelerated book build, raising cash of €31,781,847 pursuant to a general authority to issue shares for cash and a vendor consideration payment. On 30 March 2017 a further 83,333,332 shares were issued by the group at an issue price of €1.53 (ZAR21.00) as part of a further accelerated book build, raising cash of €127,145,970 pursuant to a general authority to issue shares for cash and a vendor consideration payment. During the year the group incurred €942,908 (2016: €225,212) in expenses in relation to issuing shares. These were offset against share capital.

In the prior year the group issued 21,317,449 shares at an issue price of €1.32 (ZAR 22.46) on 11 March 2016 to Attacq, a related party of the group, in settlement of the financial liability due to Attacq in relation to the Karoo Fund (see notes 15 and 25). On 7 April 2016 the group issued a further 29,848,136 shares at an issue price of €1.27 (ZAR 22.00) as part of an accelerated book build, raising cash of €37,676,095. Of these shares 21,639,899 shares were an issue of shares for cash and 8,208,237 were a vendor consideration placement.

GEARED PURCHASE PLAN SHARES

On 14 March 2017, the group issued 12,850,000 shares as part of an employee purchase plan, (see note 16). Distributions on the geared purchase plan shares are referred to in note 16.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

10. SHARE CAPITAL (CONTINUED)

DISTRIBUTIONS

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

The following distributions were paid by the group:

Year ended 30 June 2017

Euro	Scrip	Cash	Total	Distribution per share (euro cents)
2 November 2016	7,994,090	352,016	8,346,106	2.23
30 March 2017	5,272,635	4,850,901	10,123,536	2.66
	13,266,725	5,202,917	18,469,642	4.89

Year ended 30 June 2016

Euro	Scrip	Cash	Total	Distribution per share (euro cents)
11 November 2015	3,241,806	3,177,518	6,419,324	2.20
8 April 2016	3,784,334	4,061,277	7,845,611	2.27
	7,026,140	7,238,795	14,264,935	4.47

The directors are pleased to propose a final distribution to shareholders for the period from 1 January to 30 June of 3.19 euro cent per share (2016: 2.23 euro cents per share).

11. SHARE-BASED PAYMENT RESERVE

ACCOUNTING POLICY

Refer to note 16 for the accounting policy for share-based payment arrangements.

DISCLOSURE

On 14 March 2017, the group issued 12,850,000 shares as part of a geared purchase plan (see note 16).

RECONCILIATION OF GEARED SHARE PURCHASE PLAN:

Euro	As at 30 June 2017	As at 30 June 2016
Opening balance	—	—
Share-based payment expense	319,248	—
Salaried variant non-forfeitable distribution	(93,275)	—
Closing balance	225,973	—

12. FOREIGN CURRENCY TRANSLATION RESERVE

ACCOUNTING POLICY

The financial statements of entities that use a functional currency other than euros are translated into euros at the reporting date. The assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated using the exchange rates at the reporting date. Items in the consolidated statement of comprehensive income and consolidated statement of cash flows are translated into euro using the actual rates or average rates if they approximate the actual rate of exchange.

The resulting translation adjustments are recorded in other comprehensive income and accumulated in the foreign currency translation reserve. Cumulative translation adjustments are recognised in profit or loss upon partial or complete disposal of a foreign operation.

DISCLOSURE

The group recognised a foreign currency translation loss of €5,371,692 (2016: €12,387,307 (loss)) resulting in a foreign currency translation deficit at the reporting date of €10,560,303 (2016: €5,188,611 (deficit)).

The tax on foreign currency translation differences in other comprehensive income is €nil (2016: €nil).

13. NON-CONTROLLING INTEREST

ACCOUNTING POLICY

The group recognises the non-controlling interests ("NCI") in the net assets of consolidated subsidiaries separately from the group's interest, within equity. Profits/(losses) of subsidiaries attributable to the NCI are allocated to the NCI even if this results in a debit balance being recognised for the NCI.

DISCLOSURE

The carrying amount of the group's NCI was as follows:

Euro	As at 30 June 2017	As at 30 June 2016
Prime Kapital CEE Property Investment Management Limited	988,063	—

RECONCILIATION OF NCI

Euro	As at 30 June 2017	As at 30 June 2016
Opening balance	—	—
Share of profit for the year	988,063	—
Closing balance	988,063	—

On 20 September 2016 the group acquired 80% of the ordinary share capital of a newly incorporated entity PKM CEE Investments Limited ("PKM CEE") for the consideration of €80. The remaining 20% of the share capital of PKM CEE was issued to Prime Kapital CEE Property Investment Management Ltd, a non-controlling interest for the consideration of €20. The shares of PKM CEE carry equal voting rights, such that the group has 80% of the voting rights and control over PKM CEE. At the date of acquisition PKM CEE had no assets or liabilities. PKM CEE was incorporated initially to purchase investment property in central and eastern Europe.

In November 2016 PKM CEE acquired a retail shopping mall in Poland, Nova Park, for €88,640,688. In April 2017, PKM CEE further acquired two shopping malls in Bulgaria known as the Galleria portfolio. The profit attributable to NCI is disclosed in the consolidated statement of profit or loss, the equity attributable to NCI of €988,063 is disclosed in the consolidated statement of financial position.

14. INTEREST BEARING BORROWINGS

ACCOUNTING POLICY

The group's interest bearing borrowings are financial instruments and are classified as financial liabilities at amortised cost. Refer to note 3 for the group's general accounting policy for financial instruments.

DISCLOSURE

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

Euro	As at 30 June 2017	As at 30 June 2016
Non-current		
UK investment property	30,284,516	—
German investment property	103,478,073	34,833,306
Swiss investment property	7,989,364	8,394,525
	141,751,953	43,227,831
Current		
UK investment property	1,489,732	—
German investment property	3,614,901	991,886
Swiss investment property	356,811	358,878
	5,461,444	1,350,764
	147,213,397	44,578,595

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

14. INTEREST BEARING BORROWINGS (CONTINUED)

Interest bearing borrowings are held at amortised cost, accordingly interest is charged to profit or loss using the effective interest rate. These liabilities have been classified as amortised cost because the group does not hold them for trading purposes.

Reconciliation of the group's carrying amount of interest bearing borrowings:

Euro	Note	As at 30 June 2017	As at 30 June 2016
Opening		44,578,595	15,747,889
Drawn down		111,657,786	30,550,000
Capitalised transaction costs		(2,168,837)	(412,345)
Capital repayment		(7,098,329)	(922,638)
Finance costs		2,231,667	770,243
General borrowings capitalised	7	569,298	28,806
Interest paid		(2,470,916)	(827,855)
Foreign currency translation difference in OCI		(85,867)	(355,505)
Closing balance		147,213,397	44,578,595

Interest from general borrowings of €569,298 (2016: €28,806) was capitalised in investment property during the year at a capitalisation rate of 2.56% (2016: 2.65%) (see note 7).

SUMMARY OF INTEREST BEARING BORROWING TERMS AND COVENANTS

As at 30 June 2017

BORROWING TERMS

Jurisdiction	Weighted average remaining term of debt (years)	Currency	Weighted average annual capital repayment (Euro)	Weighted average margin	Base rate
UK investment property					
- Variable debt	3.83	GBP	772,904	2.00%	3M UK Libor
German investment property					
- Fixed debt	8.24	EUR	327,015	1.83%	n/a
- Variable debt	12.26	EUR	95,130	0.95%	3M Euro Libor
Swiss investment property					
- Variable debt	8.01	HF	358,878	1.29%	3M Swiss Libor

COVENANTS

Lender	Weighted average debt service cover ratio	Weighted average interest cover	Weighted average loan to value
UK investment property			
- Variable debt	n/a	150%	65%
German investment property			
- Fixed debt	141%	n/a	73%
- Variable debt	n/a	n/a	n/a
Swiss investment property			
- Variable debt	n/a	n/a	n/a

As at 30 June 2016

BORROWING TERMS

Jurisdiction	Weighted average remaining term of debt (years)	Currency	Weighted average annual capital repayment (Euro)	Weighted average margin	Base rate
German investment property					
- Fixed debt	12.24	EUR	280,537	2.45%	n/a
- Variable debt	13.26	EUR	391,916	0.95%	3M Euro Libor
Swiss investment property					
- Variable debt	9.00	CHF	358,878	1.29%	3M Swiss Libor

COVENANTS

Lender	Weighted average debt service cover ratio	Weighted average loan to value
German investment property		
- Fixed debt	140%	72.5%
- Variable debt	n/a	n/a
Swiss investment property		
- Variable debt	n/a	n/a

The group complied with its loan covenants during the current and prior years.

The interest-bearing borrowings of the group have been secured against investment property (see note 7).

15. FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

The group's financial instruments are classified as financial assets and financial liabilities at amortised cost and financial assets and financial liabilities at fair value. Refer to note 3 for the group's general accounting policy for financial instruments.

DISCLOSURE

The carrying amount of the group's financial instruments are classified as follows:

Euro	As at 30 June 2017			As at 30 June 2016		
	Fair value	Amortised cost	Total	Fair value	Amortised cost	Total
Non-current assets						
Financial instruments	—	101,134,245	101,134,245	—	—	—
	—	101,134,245	101,134,245	—	—	—
Current assets						
Derivative financial instruments	66,097	—	66,097	—	—	—
	66,097	—	66,097	—	—	—
Non-current liabilities						
Derivative financial instruments	1,170,086	—	1,170,086	3,029,495	—	3,029,495
Financial liabilities	—	500,000	500,000	2,367,448	—	2,367,448
	1,170,086	500,000	1,670,086	5,396,943	—	5,396,943
Current liabilities						
Derivative financial instruments	1,081,563	—	1,081,563	—	—	—
Financial liabilities	10,130,427	—	10,130,427	3,327,225	3,818,865	7,146,090
	—	—	11,211,990	3,327,225	3,818,865	7,146,090

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

15. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL INSTRUMENTS HELD AT AMORTISED COST

AMORTISED COST ASSETS

The carrying amount of the group's financial asset at amortised cost was as follows:

Euro	As at 30 June 2017	As at 30 June 2016
PKM Preference Shares	101,134,245	—

On 6 April 2017 and 19 May 2017, the group provided €30,000,000 and €70,000,000 respectively to acquire 7.5% preference shares in PKM Development Limited, see note 9. The group has committed to fund a further €100,000,000 (see note 22).

RECONCILIATION OF FINANCIAL ASSETS HELD AT AMORTISED COST:

Euro	As at 30 June 2017	As at 30 June 2016
Opening	—	—
PKM Preference Shares	100,000,000	—
Interest income	1,134,245	—
Closing	101,134,245	—

AMORTISED COST LIABILITIES

The carrying amount of the group's deferred consideration was as follows:

Euro	As at 30 June 2017	As at 30 June 2016
Bruchsal	—	1,615,000
Heppenheim Park	500,000	883,865
Edeka Thales Portfolio	—	1,320,000
	500,000	3,818,865

On the acquisition of the Heppenheim Park, Bruchsal and Edeka Thales Portfolio the group retained a portion of the purchase price per the relevant sale and purchase agreements, which will be released to the vendor at such time that they complete the agreed retention works/activities.

These amounts have been capitalised within investment property (see note 7). Retentions held in escrow at the year end were €500,000 (2016: €2,115,000).

RECONCILIATION OF FINANCIAL LIABILITIES HELD AT AMORTISED COST:

Euro	As at 30 June 2017	As at 30 June 2016
Opening	3,818,865	2,703,865
Purchase price retained	—	1,370,755
Purchase price released	(3,318,865)	(255,755)
Closing	500,000	3,818,865

FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

FAIR VALUE ASSETS

The carrying amount of the group's financial assets held at fair value was as follows:

Euro	As at 30 June 2017	As at 30 June 2016
Assets		
Derivative financial instruments		
Forward currency contract	66,097	—
	66,097	—

RECONCILIATION OF DERIVATIVE FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

ASSETS

Euro	Forward currency contract	Total
Balance at 30 June 2015	—	—
Balance at 30 June 2016	—	—
Fair value adjustment capitalised as part of Investment property acquisition costs	66,097	66,097
Foreign currency translation difference in OCI	—	—
Balance at 30 June 2017	66,097	66,097

The group entered into a Polish Zloty forward contract to hedge the exposure on VAT receivable in relation to the Nova Park acquisition. The hedging instrument is classified as FVTPL, accordingly it is measured at fair value at the reporting date with changes in fair value being recognised within investment property capitalised acquisition costs.

FAIR VALUE LIABILITIES

The carrying amount of the group's financial liabilities at fair value were as follows:

Euro	Note	As at 30 June 2017	As at 30 June 2016
Liabilities			
Derivative financial instruments			
Aldi portfolio interest rate swap		1,081,563	1,331,074
Zurich interest rate swap		1,170,086	1,698,421
		2,251,649	3,029,495
Financial liabilities			
Development management fee	19	4,052,171	2,367,448
Santon financial liability		—	3,327,225
Priority participating profit dividend	19	6,078,256	—
		10,130,427	5,694,673

DERIVATIVE FINANCIAL INSTRUMENTS

The group has hedged the interest rate exposure on the interest bearing borrowings (see note 14) from Credit Suisse and Sparkasse. These hedging instruments are classified as FVTPL; accordingly, they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

15. FINANCIAL INSTRUMENTS (CONTINUED)

RECONCILIATION OF DERIVATIVE FINANCIAL INSTRUMENTS

Euro	Aldi portfolio interest rate swap	Zurich interest rate swap	Total
Balance at 30 June 2015	1,139,337	1,464,198	2,603,535
Fair value adjustment (see note 5)	191,737	301,857	493,594
Foreign currency translation difference in OCI	—	(67,634)	(67,634)
Balance at 30 June 2016	1,331,074	1,698,421	3,029,495
Fair value adjustment (see note 5)	(249,511)	(520,083)	(769,594)
Foreign currency translation difference in OCI	—	(8,252)	(8,252)
Balance at 30 June 2017	1,081,563	1,170,086	2,251,649

The Aldi portfolio interest rate swap was settled on 6 July 2017.

FINANCIAL LIABILITIES

RECONCILIATION OF FINANCIAL LIABILITIES HELD AT FAIR VALUE:

Euro	Attacq financial liability	Santon financial liability	New Waverley development management fee	New Waverley priority participating profit dividend	Total
Balance at 30 June 2015	26,378,571	—	1,576,779	2,365,168	30,320,518
Recognised on grant of planning permission	—	3,327,225	—	—	3,327,225
Fair value adjustment (see note 5)	4,032,584	—	1,092,047	(2,200,445)	2,924,186
Settlement	(28,156,329)	—	—	—	(28,156,329)
Foreign currency translation difference in OCI	(2,254,826)	—	(301,378)	(164,723)	(2,720,927)
Balance at 30 June 2016	—	3,327,225	2,367,448	—	5,694,673
Fair value adjustment (see note 5)	—	—	1,885,457	6,272,812	8,158,269
Settlement	—	(3,327,225)	—	—	(3,327,225)
Foreign currency translation difference in OCI	—	—	(200,734)	(194,556)	(395,290)
Balance at 30 June 2017	—	—	4,052,171	6,078,256	10,130,427

NEW WAVERLEY DEVELOPMENT MANAGEMENT FEE AND NEW WAVERLEY PRIORITY PARTICIPATING PROFIT DIVIDEND

These financial liabilities are classified as FVTPL. This reduces the accounting mismatch by matching the movement in the fair value of the financial liabilities with the fair value movement on the related investment property, both recognised directly in profit or loss.

The group has a development management agreement with the developer under which the developer provides services in procuring the construction of the New Waverley site in Edinburgh. Under the terms of this agreement, a fee is payable to the developer for its services with that fee being in two parts. Under the terms of a shareholders' agreement between the shareholders of New Waverley 10, shareholders are entitled to a 7.5% annualised return on invested capital. The first part of the fee payable to the developer is an amount equal to one third of the annualised return payable to the group. The second part of the fee payable to the developer is linked to the value of the site following development with the developer entitled to a fee broadly equal to 25% of the value of the developed site less both costs of development and the annualised return to shareholders on invested capital. This second part of the fee is only payable once the group has received its return on capital meaning that, in effect, the developer will receive a fee broadly equal to 25% of any capital gain.

SANTON FINANCIAL LIABILITY

The terms of the revenue sharing agreement with Santon required the group to pay Santon £2,750,000 (approximately €3,327,225 (see note 7) on receipt of implementable planning permission. On 10 December 2015 the South Downs National Park Authority's planning committee approved in principle the plans to develop the North Street Quarter development in Lewes. Final uncontested written planning permission was granted on 8 July 2016 and the liability was settled.

FAIR VALUE HIERARCHY

The following table shows the carrying and fair value of the group's financial instruments held at fair value in the fair value hierarchy:

Euro	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
As at 30 June 2017				
Financial assets				
Forward currency contract	66,097	—	66,097	—
	66,097	—	66,097	—
Derivative financial liabilities				
Aldi portfolio interest rate swap	1,081,563	—	1,081,563	—
Zurich interest rate swap	1,170,086	—	1,170,086	—
Financial liabilities				
New Waverley development management fee	4,052,171	—	—	4,052,171
New Waverley priority participating profit dividend	6,078,256	—	—	6,078,256
	12,382,076	—	2,251,649	10,130,427

Euro	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
As at 30 June 2016				
Derivative financial liabilities				
Aldi portfolio interest rate swap	1,331,074	—	1,331,074	—
Zurich interest rate swap	1,698,421	—	1,698,421	—
Financial liabilities				
New Waverley development management fee	2,367,448	—	—	2,367,448
Santon financial liability	3,327,225	—	—	3,327,225
	8,724,168	—	3,029,495	5,694,673

LEVEL 2 FINANCIAL INSTRUMENTS

VALUATION TECHNIQUES AND UNOBSERVABLE INPUTS

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

As at 30 June 2017 and 30 June 2016

Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Interest rate swaps	The fair value is based on discounting future cash flows using the interest rate swap curves plus the historic charged credit margin at the dates when the cash flows will take place.	<ul style="list-style-type: none"> • 3 month Swiss libor/Euro libor • Swap rate • Notional loan value • Fixed rate of interest 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> • 3 month Swiss libor/Euro libor was higher/ (lower) • Swap rate was lower/ (higher) • Notional loan value was lower/ (higher) • Fixed rate of interest was lower/ (higher)

LEVEL 3 FINANCIAL INSTRUMENTS

VALUATION PROCESS OF LEVEL 3 FINANCIAL LIABILITIES

The fair value of the level 3 financial liabilities in respect of New Waverley Advisers Limited and New Waverley Holdings Limited is calculated semi-annually. The investment property valuation process (see note 7) is part of this valuation process as a consequence of the financial liability to New Waverley Advisers Limited and New Waverley Holdings Limited being derived from the fair value of New Waverley investment property. The fair value of the financial liability is calculated and based on the fair value of the New Waverley investment property. The fair value is then reviewed by the finance manager and chief financial officer.

The fair value in respect of the Santon financial liability is based on the contractual amount adjusted by the risk adjusted discount rate.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

15. FINANCIAL INSTRUMENTS (CONTINUED)

VALUATION TECHNIQUES AND UNOBSERVABLE INPUTS

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

As at 30 June 2017

Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
New Waverley development management fee and New Waverley priority participating profit dividend	<i>Gross development profit:</i> Fair value is based on the value of the properties in New Waverley development. See note 7 for the valuation technique in respect of New Waverley.	<ul style="list-style-type: none"> Value of investment property 	The estimated fair value would increase/ (decrease) if: <ul style="list-style-type: none"> Value of investment property was higher/(lower)

30 June 2016

Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
New Waverley development management fee and New Waverley priority participating profit dividend	<i>Gross development profit:</i> Fair value is based on the value of the properties in New Waverley development. See note 7, for the valuation technique in respect of New Waverley.	<ul style="list-style-type: none"> Value of investment property 	The estimated fair value would increase/ (decrease) if: <ul style="list-style-type: none"> Value of investment property was higher/(lower)
Santon financial liability	<i>Discounted cash flows:</i> The valuation model considers the present value of net cash flows based on the contractual amount. The expected net cash flows are discounted using the risk-adjusted discount rate.	<ul style="list-style-type: none"> Risk adjusted interest rates Contracted amount 	The estimated fair value would increase/ (decrease) if: <ul style="list-style-type: none"> Contracted amount was higher/(lower) Risk adjusted discount rate was lower/(higher)

FAIR VALUE SENSITIVITY ANALYSIS

As at 30 June 2017

Financial liability	Technique	Valuation	Gross development value		
			Sensitivity		
			Input (Euro)	Change %	Valuation
Development management fee	Gross development profit	4,052,171	40,521,708	+5.00	4,254,779
				-5.00	3,849,562
Priority participating profit dividend	Gross development profit	6,078,256	40,521,708	+5.00	6,382,169
				-5.00	5,774,343

As at 30 June 2016

Financial liability	Technique	Valuation	Gross development value		
			Sensitivity		
			Input (Euro)	Change %	Valuation
Development management fee	Gross development profit	2,367,448	9,766,360	+5.00	2,466,304
				-5.00	1,879,129
Priority participating profit dividend	Gross development profit	—	9,766,360	+5.00	97,365
				-5.00	—

For the Santon financial liability the risk adjusted discount rate in the prior year was nil on the basis that the financial liability was due to be settled eight days after the prior year end and therefore the valuation would not be effected by an increase/ decrease in the risk adjusted discount rate.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

16 SHARE-BASED PAYMENT ARRANGEMENTS

ACCOUNTING POLICY

Equity-settled share-based payments to participants are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments 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 expected to be paid as part of the share-based payment awards are included within the fair value at the grant date of the share-based payment.

DISCLOSURE

On 9 March 2017, the group established two geared purchase plans: a Salaried; and a Non-Salaried purchase plan. In terms of these, the group has granted participants a loan to acquire shares issued by the company. 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 that accrued on the loan. Recourse on the loans is limited to the market value of the shares acquired plus any unpaid interest accrued, and the shares are pledged as security for repayment of the loan.

Salaried plan participants continue to receive basic salary and other employment benefits from the group in addition to participating in the employee purchase plan. The participants are entitled to retain the surplus of any distributions received on their shares less the cost of interest on the loans.

Non-salaried variant participants ceased to receive any remuneration or employment benefits from the group from 9 March 2017. These participants do not receive any distributions on their shares, instead the distributions are applied, firstly, to reduce the interest cost on the loans and, thereafter, to reduce the loan balance.

The key terms and conditions related to participation in the plans are as follows:

	Grant date	Shares				Loan	
		Number	Issue price	Vesting period	Vesting conditions	Interest rate	Term
Salaried variant	9 March 2017	3,850,000	€1.64	20% annually	Service until vesting dates	WACD of the group, currently 2.32%	10 years
Non-salaried variant	9 March 2017	9,000,000	€1.64	15% annually for 4 years, and then 20% annually	Service until vesting dates	WACD of the group, currently 2.32%	10 years
		12,850,000					

The total number of shares issued in relation to the geared share purchase plan is 12,850,000 (2016:nil) (see note 10 and note 11).

The loans to acquire shares are, in substance, accounted for as call options in terms of IFRS 2: Share-based Payments. The options were valued on 9 March 2017 being the grant date. The cost thereof is recognised over the vesting period as an employment benefit, with a corresponding increase in the share-based payment reserve. During the year €319,248 (2016:€nil) was recognised in the share-based payment reserve in relation to the options (see note 11).

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

MEASUREMENT OF FAIR VALUE

The fair value of the options of the Salaried and Non-salaried share option plans have been determined by using the Black-Scholes-Merton model. The participant's service related vesting condition has not been considered in the valuation of the options. Instead, the expense has been recognised based on the group's estimate of shares that will eventually vest.

The valuation assumptions used to measure the grant date fair value of the options of the equity settled share-based payments were as follows:

	Salaried and Non-salaried plan
Share price at grant date	€1.6386
Exercise price	€2.0967
Implied volatility	21.16%
Risk free rate	0.43%
Expected distribution	0.00%
Time to expiration	10 years
Fair value of option at grant date	€0.3136

As participants are effectively entitled to distributions, or distribution equivalents, between grant date and exercise date, the options are valued as if no distributions will be paid on the underlying share. The input for expected distributions is accordingly zero. In addition, the interest on the loan effectively increases the exercise price of the option from €1.6386 to €2.0967.

Implied volatility has been based upon the evaluation of the company's historic volatility and market conditions to determine the future implied volatility of the company's share price over the term of the options in the geared purchase plans.

RECONCILIATION OF OUTSTANDING LOAN AND SHARES

The number of shares and the loan value of the employee purchase plans were as follows:

As at 30 June 2017

	Non-Salaried purchase plan			Salaried purchase plan		
	Number of shares	Weighted average share price	Weighted average loan per share	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	—	—	—	—	—	—
Granted	9,000,000	€1.6386	€1.6386	3,850,000	€1.6386	€1.6386
Interest	—	—	€0.0150	—	—	€0.0150
Interest repayment	—	—	(€0.0024)	—	—	(€0.0024)
Capital repayment	—	—	(€0.0242)	—	—	—
Share price movement	—	(€0.0636)	—	—	(€0.0636)	—
Closing outstanding balance	9,000,000	€1.5750	€1.6270	3,850,000	€1.5750	€1.6512
Exercisable	—	—	—	—	—	—

The loan outstanding per share at 30 June 2017 for the Salaried purchase plan and Non-Salaried purchase plan was €1.6512 (2016: nil) and €1.6 (2016: nil) respectively. The remaining term of the loan was 9.69 years (2016: nil).

On 15 June 2017 it was announced that Lukas Nakos, CEO, would be leaving the group. The vesting conditions have been assessed as being unlikely to be met. Accordingly, no expense has been recognised in this regard.

The total expense recognised in employment benefits was €245,419 (2016: €nil).

Refer to note 19 for further disclosures of the share-based payment expense included in key management compensation and directors' remuneration.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

17. ACQUISITION OF SUBSIDIARIES

ACCOUNTING POLICY

CONSOLIDATION PROCEDURES

The results of subsidiaries are included in the condensed abridged consolidated financial statements from the effective date of acquisition to the effective date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for the non-controlling interest.

CHANGES IN CONTROL WITHOUT LOSS OF CONTROL

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 the statement of changes in equity. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the fair value of consideration paid or received and the movement in non-controlling interests for such transactions is recognised in equity attributable to the owners of the parent.

LOSS OF CONTROL

When the group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss.

Any interest retained in the former subsidiary is measured at fair value at the date control was lost. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

BUSINESS COMBINATIONS

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest rate and costs to issue equity which are recognised within equity.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are generally recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If a gain on bargain purchase arises, the application of IFRS 3 is reassessed. Thereafter the excess is recognised immediately in profit or loss.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

DISCLOSURE

On 5 May 2017, the group acquired 100% of the shares and the voting interests of Galleria Burgas EAD ("Burgas") and Galleria - Stara Zagora EAD ("Stara Zagora") (together referred to as the "Galleria portfolio", or "the acquisition").

The group acquisition was made to gain control over the operations of two investment properties, namely Galleria Burgas and Galleria Stara Zagora both located in Bulgaria. The entities each held and operated a single investment property.

The acquisition is part of the group's strategy and continued investment into central and eastern Europe to enhance the group's distributions.

From the date of acquisition to 30 June 2017 the Galleria portfolio contributed rental income of €1,222,457 and profit of €5,022,368. If the Galleria portfolio acquisition had occurred on 1 July 2016, management estimates that the consolidated rental income would have been €7,967,799 and consolidated profit for the year would have been €7,038,626. In determining these amounts, management has assumed that the fair value adjustment of the Galleria portfolio's net assets at acquisition would have been the same at 1 July 2016 as they were on 5 May 2017.

CONSIDERATION TRANSFERRED

The following table summarises the acquisition date fair value of the consideration transferred for the Galleria portfolio:

Euro	Total
Cash	63,961,342

ACQUISITION RELATED COSTS

The group incurred acquisition-related costs of €16,845 on legal and due diligence fees. These costs have been included in profit or loss within investment expenses.

IDENTIFIED ASSETS ACQUIRED AND LIABILITIES ASSUMED

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

Euro	Total
Investment property (see note 2)	61,330,772
Trade and other receivables	1,508,173
Trade and other payables	(1,132,222)
Deferred tax liability	(380,711)
Net assets excluding cash	61,326,012
Cash and cash equivalents	2,635,330
Net assets	63,961,342

The gross contracted value of trade and other receivables of the Galleria portfolio at acquisitions was €1,710,540. Management does not expect to receive €202,367.

No goodwill arose on the acquisitions because the consideration paid was equal to the fair value of assets acquired and liabilities assumed.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

18. OPERATING SEGMENTS

ACCOUNTING POLICY

Segment results that are reported to the executive board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly central costs that relate to group structuring and operations not related to specific investments. In addition, unallocated items in the consolidated statement of financial position relate predominantly to cash that has not been allocated to specific investments.

The risks and rewards faced by the group relate primarily to the business segment of the assets and therefore this forms the basis of the reporting segment.

DISCLOSURE

The group's chief operating decision maker is determined to be the executive management team. During the prior year the segmentation to monitor group performance was refined. Performance is now considered as follows:

Reportable segment	Description
Income-generating property	Property that is currently producing income and held for the purpose of earning a yield. There may be further asset management angles on these properties, which could further enhance income returns.
Development property	Property that is being developed in order to create income producing property held for the purpose of earning a better yield than by acquiring standing property.
Land bank and other strategic assets	Land plots held for schemes that have not yet commenced.
Corporate	Consists of the cash holdings outside of the other reporting segments and goodwill on the acquisition of MAS Prop.

The executive management team analyses the performance and position of the group by aggregating the group into the four reportable segments. These reportable segments have different risk profiles and generate revenue/income from different sources, accordingly, it allows the executive management team to make better informed strategic decisions for the group. Management reports are prepared and reviewed on a quarterly basis by the executive management team to facilitate this process.

As at and for the year ended 30 June 2017

Euro	Reportable segments				Total
	Income-generating property	Development property	Land bank and other strategic assets	Corporate	
Statement of profit or loss					
External rental income	31,352,298	—	34,632	15,498	31,582,428
Inter-segment revenue	—	—	—	—	—
Segment profit/(loss) before tax	49,460,087	872,805	(5,003,657)	(5,069,622)	40,259,613
Finance income	1,350	1,134,247	16	71,583	1,207,196
Finance cost	(2,235,473)	—	—	(3,024)	(2,238,497)
Depreciation	(23,977)	(1,963)	(1,924)	—	(27,864)
Current taxation	(1,749,449)	—	—	—	(1,741,449)
Deferred taxation	(3,942,153)	—	—	—	(3,942,153)
Investment in equity accounted investee	—	178,397	—	—	178,397
Other material non-cash items					
- Fair value adjustments	30,161,319	—	(4,569,029)	—	25,592,290
- Exchange differences	(819,456)	18	—	(3,865,457)	(4,684,895)
Statement of financial position					
Segment non-current assets	495,615,079	152,701,312	39,690,960	22,909,548	710,916,899
- Investment in equity accounted investee	—	20,205,297	—	—	20,205,297
Segment current assets	20,171,923	1,708,107	2,347,199	23,900,320	48,127,549
Segment non-current liabilities	147,306,309	881,180	232,924	—	148,420,413
Segment current liabilities	14,450,775	11,975,661	545,684	609,881	27,582,001

As at and for the year ended 30 June 2016

Euro	Reportable segments				Total
	Income-generating property	Development property	Land bank and other strategic assets	Corporate	
Statement of profit or loss					
External rental income	15,370,255	11,090	709,469	160,207	16,251,021
Inter-segment revenue	—	—	—	—	—
Segment profit/(loss) before tax	6,221,242	(1,007,358)	4,375,190	(7,262,517)	2,326,557
Finance income	—	57	383,370	9,374	392,801
Finance cost	(770,243)	—	—	(3,522)	(773,765)
Depreciation	—	—	—	(35,535)	(35,535)
Current taxation	(684,749)	—	—	—	(684,749)
Deferred taxation	(143,776)	—	—	—	(143,776)
Other material non-cash items					
- Fair value adjustments	(1,478,331)	(995,471)	8,905,521	—	6,431,719
- Exchange differences	(93,783)	196	(5,835,877)	(6,983,746)	(12,913,210)
Statement of financial position					
Segment non-current assets	243,509,575	43,798,848	42,003,549	23,901,016	353,212,988
- Investment in equity accounted investee	—	19,991,716	—	—	19,991,716
Segment current assets	19,124,497	1,479,407	52,750,489	41,036,973	114,391,366
Segment non-current liabilities	47,500,067	2,367,448	—	—	49,867,515
Segment current liabilities	8,051,526	4,813,814	3,683,792	342,755	16,891,887

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

18. OPERATING SEGMENTS (CONTINUED)

Where assets/liabilities and income/expense are shared by reportable segments they are allocated to each respective reportable segment based on a rational driver of use or ownership of the asset/liabilities, income/expense.

GEOGRAPHICAL INFORMATION

The group invests in investment property in Europe. The geographical information below analyses the group's rental income and service charge income and other recoveries and non-current assets by the company's country of domicile and the jurisdiction in which the underlying assets are held: Germany, UK, Bulgaria, Poland, Switzerland and also now Romania as a result of the investment in associate during the year, see note 9.

Rental income and service charge income and other recoveries

Euro	Year ended 30 June 2017	Year ended 30 June 2016
BVI	—	—
Germany	17,041,915	9,332,689
UK	7,073,814	5,674,973
Bulgaria	1,527,194	—
Poland	4,726,650	—
Switzerland	1,212,855	1,243,359
	31,582,428	16,251,021

Non-current assets

Euro	As at 30 June 2017	As at 30 June 2016
BVI	—	—
Germany	214,648,055	149,481,292
UK	203,013,452	164,250,144
Poland	156,488,393	—
Romania/Slovenia (Prime Kapital development joint venture and PKM Preference Shares)	121,305,189	19,991,716
Switzerland	15,461,810	19,489,836
	710,916,899	353,212,988

19. 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 – TRANSACTIONS

Year ended 30 June 2017

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Total
Lukas Nakos	CEO	125,000	—	181,952	—	306,952
Malcolm Levy	CFO	117,656	—	170,580	—	288,236
Jonathan Knight	CIO	68,232	—	85,290	—	153,522
Ron Spencer	Chairman	30,000	—	—	—	30,000
Gideon Oosthuizen	NED	27,500	—	—	—	27,500
Jaco Jansen	NED	27,500	—	—	—	27,500
Morné Wilken	NED	20,000	—	—	—	20,000
Pierre Goosen	NED	20,000	—	—	—	20,000
Glynnis Carthy	NED	—	—	—	—	—
Helen Cullen	Company Secretary	96,822	—	20,538	—	117,360
		532,710	—	458,360	—	991,070

The short-term incentive relates to services provided from 1 January 2016 to 31 December 2016.

GEARED SHARE PURCHASE PLAN

Euro	Role	Variant	Loan at group WACD	Date of award	Number of shares acquired	IFRS 2 option expense
Lukas Nakos	CEO	No salary	8,193,000	9 March 2017	5,000,000	—
Malcolm Levy	CFO	No salary	6,554,400	9 March 2017	4,000,000	149,237
Jonathan Knight	CIO	Salaried	2,457,900	9 March 2017	1,500,000	66,238
Helen Cullen	Company Secretary	Salaried	819,300	9 March 2017	500,000	22,079
			18,024,600		11,000,000	237,554

Year ended 30 June 2016

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Total
Lukas Nakos	CEO	209,248	—	166,092	166,092	541,432
Malcolm Levy	CFO	196,170	—	155,711	155,711	507,592
Jonathan Knight	CIO	78,468	—	77,856	77,856	234,180
Ron Spencer	Chairman	30,000	—	—	—	30,000
Gideon Oosthuizen	NED	27,500	—	—	—	27,500
Jaco Jansen	NED	27,500	—	—	—	27,500
Morné Wilken	NED	20,000	—	—	—	20,000
Pierre Goosen	NED	20,000	—	—	—	20,000
Glynnis Carthy	NED	—	—	—	—	—
Helen Cullen	Company Secretary	102,662	—	20,925	—	123,587
		711,548	—	420,584	399,659	1,531,791

KEY MANAGEMENT – SHAREHOLDINGS

As at 30 June 2017

Euro	Direct	Indirect	Associate	Total
Lukas Nakos	85,143	5,000,000	100,659 ³	5,185,802
Malcolm Levy	11,633	4,000,000	1,568,928 ³	5,580,561
Jonathan Knight	616,342	1,500,000	—	2,116,342
Ron Spencer	11,567	—	—	11,567
Gideon Oosthuizen	—	240,000 ¹	—	240,000
Jaco Jansen	—	—	—	—
Morné Wilken	61,804	250,280 ²	—	312,084
Pierre Goosen	—	—	44,766 ³	44,766
Glynnis Carthy	—	—	—	—
Helen Cullen	14,656	500,000	—	514,656
		801,145	11,490,280	1,714,353
				14,005,778

¹ Associate company

² Associate family trust

³ Non-beneficial to director

As at 30 June 2016

Euro	Direct	Indirect	Associate	Total
Lukas Nakos	85,143	—	100,659 ²	185,802
Malcolm Levy	11,633	1,568,928 ¹	—	1,580,561
Jonathan Knight	523,371	74,000	—	597,371
Ron Spencer	11,370	—	—	11,370
Gideon Oosthuizen	254,505	—	—	254,505
Jaco Jansen	—	—	—	—
Morné Wilken	55,784	234,818 ¹	—	290,602
Pierre Goosen	—	—	3,113,529 ²	3,113,529
Helen Cullen	14,406	—	—	14,406
		956,212	1,877,746	3,214,188
				6,048,146

¹ Associate family trust

² Non-beneficial to director

There has been no change the in shareholding of the directors or key management from 30 June 2017 to the date of this integrated annual report.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

19. RELATED PARTIES (CONTINUED)

OTHER RELATED PARTY TRANSACTIONS:

Euro	Note	Income/(expenses) for the year ended		Capitalised for the year ended		Balances assets/(liabilities) as at	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
NW Advisers							
- Oncharged development costs	7	(293)	—	12,860,460	27,117,356	(214,680)	(1,069,607)
- Development management fee ¹	7, 15	(1,684,723)	(1,092,047)	—	—	(4,052,171)	(2,367,448)
		(1,685,016)	(1,092,047)	12,860,460	27,117,356	(4,266,851)	(3,437,055)
NW Holdings							
- Development profit participation fee ¹	7, 15	(6,078,256)	2,200,445	—	—	(6,078,256)	—
		(6,078,256)	2,200,445	—	—	(6,078,256)	—
Corona							
- Legal and professional expenses		(889,482)	(850,180)	176,266	—	(83,857)	(41,984)
		(889,482)	(850,180)	176,266	—	(83,857)	(41,984)
Attacq							
- Karoo Fund financial liability	15	—	(4,032,584)	—	—	—	—
- Interest income from loan receivable		—	383,263	—	—	—	—
		—	(3,649,321)	—	—	—	—
Artisan							
- Oncharged administrative expenses		(13,583)	51,962	—	—	—	41,255
		(13,583)	51,962	—	—	—	41,255
PKM Development							
- Investment in equity accounted investees	9	178,397	(31,908)	—	—	20,205,297	19,991,716
- PKM Preference Shares	15	1,134,245	—	—	—	101,134,245	—
		1,312,642	(31,908)	—	—	121,339,542	19,991,716
		(7,353,695)	(3,371,049)	13,036,726	27,117,356	110,910,578	16,553,932

¹ Differences between the income/(expense) and the corresponding receivable/(payable) related to foreign exchange movements recognised in OCI.

KEY MANAGEMENT

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

ARTISAN

Artisan is a real estate management company. Lukas Nakom and Malcolm Levy, the chief executive officer and chief financial officer of the group respectively, were able to exert significant influence over Artisan as directors of Salt Properties Limited, a minority shareholder. An associate of Malcolm Levy was also a shareholder of Salt Properties Limited during the year.

At the year end, the board of Artisan comprises four directors, two of whom are common to MAS, being Jaco Jansen and Pierre Goosen. Malcolm Levy resigned as a director of Artisan during the year.

On 30 June 2017 salt Properties Limited was no longer a shareholder of Artisan.

NW ADVISERS

NW Advisers is a real estate developer and is a 100% owned subsidiary of NW Holdings which is a 60% owned subsidiary of Artisan, as such is controlled by Artisan which is a related party of the group.

During the year NW Advisers on-charged expenses in relation to the development of New Waverley which amounted to €12,860,460 (2016: €27,117,356). These have been capitalised as part of the New Waverley development within investment property (see note 7). These on-charges were charged to the group in accordance with the development management agreement and are on an arm's length basis.

In addition, the group has provided for a development management fee of €4,052,171 (2016: €2,367,448) as a result of the revaluation of the three pre-let hotels at the New Waverley development (see note 15). This fee is in accordance with the development management agreement and is on an arm's length basis.

NW HOLDINGS

NW Holdings is a real estate developer and is a 60% owned subsidiary of Artisan. As such it is controlled by Artisan which is a related party of the group.

At the reporting date the group provided for the New Waverley priority participating profit dividend of €6,078,256 (2016:€nil) as a result of the revaluation of the New Waverley development (see note 15). The fee is in accordance with the development management agreement and is on an arm's length basis.

CORONA

Corona is a real estate management company with seven staff, and is owned by Jonathan Knight as the sole shareholder. Jonathan Knight is also chief investment officer of the group.

During the year, the group used the professional services of Corona and incurred expenses of €889,482 (2016: €850,180), which were charged to the group on an arm's length basis. Professional services fees are expensed in profit or loss within investment expenses and service charge and other property operating expenses. Jonathan Knight has a contract of employment with Corona Real Estate Partners Limited, a service provider to MAS Property Advisors Limited. Corona Real Estate Partners paid Jonathan Knight a basic salary of €68,232 during the year (2016: €78,468)

ATTACQ

Attacq is a significant shareholder in the company and has significant influence over the group.

On 30 November 2015, the group entered into a short-term loan agreement with Attacq. The group provided for €18,920,000 over a maximum term of 3 months and a minimum term of 1 month with early repayment permitted thereafter without penalty, subject to interest of 8% per annum. The group took two forms of security, firstly the amount payable to Attacq under the Karoo Fund transaction of €29,112,780 and Attacq's shares in the company owning Nova Aventus (Stenham European Shopping Centre Fund (Guernsey) to the value of €22,931,521). The loan was repaid in full on 29 February 2016. Interest of €nil (2016: €383,263) was received on the loan.

The short-term loan receivable was classified as a financial asset at amortised cost. Accordingly on initial recognition it was recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The group purchased the Karoo Fund from Attacq in 2013 for an all share consideration of €34,199,731 (see note 8). Under the purchase agreement of the Karoo Fund, Attacq was entitled to a contingent adjustment (the "Adjustment") in the consideration paid to it by the group. This contingent adjustment was dependent upon the value at which the Karoo Fund redeemed. On 31 January 2016 the group's remaining shares in the Karoo Fund were redeemed. The group received an in-specie redemption of 64,540,371 shares in Sirius and €2,577,304 cash in exchange for €32,411,907 being the group's share of the Karoo Fund's net asset value at 31 January 2016. The final redemption triggered the settlement of the Attacq financial liability (see note 15) from whom the group acquired the investment, through the issuance of MAS shares. Under the purchase agreement the MAS adjustment shares were issued at a price per share equal to the 30-day volume weighted average price of MAS shares at each point the Karoo Fund was realised. Accordingly, 21,317,449 shares were issued to Attacq in settlement of the Attacq financial liability.

NOTES TO THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2017

19. RELATED PARTIES (CONTINUED)

PKM DEVELOPMENT

In 2016, the group invested €20,000,000 in PKM Development. PKM Development is an associate of the group and MAS owns 40% of the ordinary shares (see note 9). The group's share of the associate profit for the year of €178,397 (2016: €31,908 loss) was recognised in profit or loss.

On 6 April 2017 and 19 May 2017, the group provided €30,000,000 and €70,000,000 respectfully to acquire 7.5% preference shares in PKM Development, see note 15. The group has committed to fund a further €100,000,000 (see note 22). The group received interest income of €1,134,245 (2016: €nil) on the preference shares during the year.

20. EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

BASIC AND DILUTED EARNINGS PER SHARE

ACCOUNTING POLICY

The group presents 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 weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

DISCLOSURE

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

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

Euro	Year ended 30 June 2017	Year ended 30 June 2016
Profit for the year attributable to the owners of the group	33,587,948	1,498,032

WEIGHTED-AVERAGE NUMBER OF ORDINARY SHARES

Euro	Year ended 30 June 2017	Year ended 30 June 2016
Opening issued ordinary shares	348,625,219	291,787,889
Effect of shares issued for capital raise	44,608,360	5,871,764
Effect of shares issued related to the settlement of the Attacq liability	—	6,465,128
Effect of shares issued for scrip distributions	5,023,402	2,281,979
Weighted-average number of ordinary shares	398,256,981	306,406,760

The shares issued as part of the geared share purchase plan are not included in the calculation of the weighted-average number of ordinary shares as they are deemed to be unissued in accordance with IFRS2: Share-based Payment.

BASIC EARNINGS PER SHARE

Euro	Year ended 30 June 2017	Year ended 30 June 2016
Profit attributable to ordinary shareholders	33,587,948	1,498,032
Weighted-average number of ordinary shares	398,256,981	306,406,760
Basic earnings per shares (euro cents)	8.43	0.49

There are no dilutionary instruments in issue and therefore basic earnings and diluted earnings are the same. The group has issued share-based payments instruments during the year (see note 11), however these are not dilutive for the financial year.

HEADLINE EARNINGS AND HEADLINE EARNINGS PER SHARE

ACCOUNTING POLICY

Headline earnings are derived from basic earnings adjusted for re-measurements that relate to the capital platform of the group per Circular 2/2015 issued by the South African Institute of Chartered Accountants.

DISCLOSURE

Headline earnings and headline earnings per share was as follows:

Euro	Note	Year ended 30 June 2017		Year ended 30 June 2016	
		Gross	Net	Gross	Net
Profit for the year		33,587,948	33,587,948	1,498,032	1,498,032
Adjusted for:					
Revaluation of investment property	7	(36,763,196)	(32,995,314)	3,088,606	3,274,432
Revaluation of assets held for sale		(786,795)	—	—	—
Headline earnings		(3,962,043)	592,634	4,586,638	4,772,464
Weighted-average number of ordinary shares		398,256,981	398,256,981	306,406,760	306,406,760
Headline earnings per share (euro cents)		(0.99)	0.15	1.50	1.56

There are no dilutionary instruments in issue and therefore headline earnings and diluted headline earnings are the same.

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

21. SIGNIFICANT SHAREHOLDINGS

The significant shareholdings of the group are:

	Year ended 30 June 2017	Year ended 30 June 2016
Attacq	30.57%	41.38%
Argosy Capital Limited	12.19%	14.06%
STANLIB Asset Management	7.40%	n/a
Sanlam Life Insurance Limited	n/a	5.02%
	50.16%	60.46%

22. CAPITAL COMMITMENTS

INVESTMENT PROPERTY

The group entered into contracts for the construction and development of New Waverley office (see note 7). These contracts will give rise to committed expenses of €69,328,267 (approx. €78,840,105) (2016: £7,882,360 (approx. €9,536,867)), which will be capitalised as part of the New Waverley development.

INVESTMENT IN EQUITY ACCOUNTED INVESTEE

On the 23 March 2016, the group entered into a contract with PKM Development to develop investment property in central and eastern Europe. The terms of the contract commit the group to invest an initial €100,000,000 in cumulative 7.5% preference shares in PKM Development over 4 years, with an election to invest a further €100,000,000 by 23 March 2017, (see note 8).

The group has committed to fund PKM Development through 7.5% cumulative preference shares issued by PKM Development. In the prior year, the group committed to funding €100,000,000 which was extended by a further €100,000,000 on 29 February 2017. The outstanding commitment at the reporting date was €100,000,000 (2016: €100,000,000).

Post year end the group increased its commitment up to €350,000,000 of preference share funding (see note 23).

23. SUBSEQUENT EVENTS

DRAWDOWN ON INTEREST BEARING BORROWINGS

In August 2017 the group entered into a loan agreement for a facility of €53,000,000. The facility is for a term of 5 years at a fixed interest rate of 2.68% per annum. This facility has been secured against income-generating property and has been classified as general borrowings.

INVESTMENT IN EQUITY ACCOUNTED INVESTEE

In July 2017, the group increased its commitment up to €350,000,000 of preference shared funding into PKM Development.

SHAREHOLDING DISCLOSURES

MAS Real Estate Inc. (the “company”)

Public and non-public	Number of shareholders	% of number of shareholders	Number of shares	% of number of shares
Public	7,161	99.78%	260,416,275	54.22%
Non-Public				
- Significant shareholders	1	0.03%	205,368,307	42.77%
- Directors and their associates	13	0.18%	13,917,061	2.90%
- Company secretary	1	0.01%	514,656	0.11%
Total shareholders	7,176	100%	480,216,299	100%

MAJOR SHAREHOLDINGS

Name	No of shares as at 30 June 2017	Percentage of shares as at 30 June 2017
Attacq Limited	146,818,251	30.57%
Argosy Capital Limited	58,550,056	12.19%
STANLIB Asset Management	35,577,283	7.4%
Total	240,945,590	50.16%

Name	No of shares as at 30 June 2016	Percentage of shares as at 30 June 2016
Attacq Limited	144,275,653	41.38%
Argosy Capital Limited	49,028,947	14.06%
Sanlam Life Insurance Limited	17,507,629	5.02%
Total	210,812,229	60.46%

COMPANY INFORMATION AND ADVISORS

REGISTERED OFFICE IN THE BVI

MAS Real Estate Inc.
Midocean Chambers
Road Town, Tortola
British Virgin Islands

CORRESPONDENCE ADDRESS

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IM1,1LB

COMPANY SECRETARY

Helen Cullen ACIS
(Associate of the Institute of
Chartered Secretaries &
Administrators)

INDEPENDENT AUDITOR

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JSE SPONSOR

Java Capital Trustees and Sponsors
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LUXEMBOURG ADMINISTRATOR

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Grand Duchy of Luxembourg

BVI ADMINISTRATOR

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Services (BVI) Limited Midocean
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SOUTH AFRICA

Computershare Investor Services
Proprietary Limited
Registration number
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DEPOSITORY

Computershare Investor Services PLC
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Switzerland

UK

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EH2,3AH

GVA Grimley Limited
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127 Fountainbridge
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EH3,9QG

SHAREHOLDER INFORMATION

Registered in the British Virgin Islands	Company number 1750199
Registered as an external company in South Africa	Registration number 2010/000338/10
JSE share code	MSP
SEDOL (XLUX)	B96VLJ5
SEDOL (JSE)	B96TSD2
ISIN	VGG5884M1041
LEI code	213800T1TZPGQ7HS4Q13
Number of shares in issue as at 30 June 2017	480,216,299

PRO FORMA MANAGEMENT ACCOUNTS

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE CONDENSED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

The Directors
MAS Real Estate Inc
2nd Floor
Clarendon House
Victoria Street
Douglas
Isle of Man
IMI 2LN

1 September 2017

REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

We have completed our assurance engagement to report on the compilation of the, pro forma distribution income statement of MAS Real Estate Inc ("MAS" or "the Company") for the year ended 30 June 2017 and the pro forma summarised statement of financial position of MAS as at 30 June 2017, (collectively "Pro forma Financial Information"). The Pro forma Financial Information is set out in the Condensed Abridged Consolidated Financial Statements to be issued by the Company on 7 September 2017.

The Pro forma Financial Information has been compiled by the directors of MAS to illustrate the impact of the pro forma adjustments on the distribution income statement and the summarised statement of financial position as at 30 June 2017 as described in the basis of preparation paragraph and detailed in the Condensed Abridged Consolidated Financial Statements.

As part of this process, the Company's Pro forma Financial Information has been extracted by the directors from the Company's published financial statements for the year ended 30 June 2017, on which an audit report will be published.

DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The directors of MAS are responsible for compiling the Pro forma Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.34 of the Listings Requirements of the JSE Limited and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 ("Applicable Criteria").

INDEPENDENT REPORTING ACCOUNTANT'S INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRO FORMA MANAGEMENT ACCOUNTS (CONTINUED)

For the year ended 30 June 2017

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the Pro forma Financial Information has been compiled, in all material respects, by the directors on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the Pro forma Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the Pro forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the Pro forma Financial Information.

The purpose of Pro forma Financial Information included in the Condensed Abridged Consolidated Financial Statements is solely to illustrate the impact of the adjustments on the unadjusted Published Financial Information as described in the basis of preparation paragraph.

A reasonable assurance engagement to report on whether the Pro forma Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the Pro forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the adjustments and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The Pro forma Financial Information reflects the proper application of those pro forma adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Company, the Adjustments in respect of which the Pro forma Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro forma Financial Information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully
KPMG Inc.

Per GS Kolbe
Chartered Accountants (SA)
Registered Auditor
Director

PURPOSE AND BASIS OF PREPARATION

In order to provide information of relevance to investors and a meaningful basis of comparison for users of the financial information, pro forma management accounts comprising of a pro forma distribution income statement and a pro forma statement of financial position for the year ended 30 June 2017 have been prepared and presented below, in conjunction with the condensed abridged consolidated financial statements set out in pages 8 to 47.

The directors consider that the pro forma management accounts are useful in interpreting the performance of the group. In terms of section 8.15 of the JSE Listings Requirements, the pro forma management accounts constitute pro forma financial information and the company is therefore required to comply with the requirements of sections 8.16 to 8.34 of the JSE Listings Requirements on pro forma financial information. In accordance with section 8.19, the pro forma information is to be presented in columnar format showing separately the unadjusted financial information, pro forma adjustments and the pro forma financial information.

The pro forma management accounts diverge from IFRS in respect of the following:

- Investment in associates has been accounted for using the proportionate consolidation method in the management accounts, as opposed to the equity accounting method embodied in the condensed abridged consolidated financial statements in accordance with IAS 28;
- Investment in subsidiaries, with a non-controlling interest has been accounted for using the proportionate consolidation method in the management accounts, as opposed to consolidating 100% of all assets and liabilities as embodied in the consolidated financial statements in accordance with IAS 27 and IFRS 3; and
- The geared share purchase plan options in accordance with IFRS 2 has been derecognised in the pro forma management accounts. The transaction has been accounted for in terms of its legal form, being the loan and shares issued in terms of the plan.

DIRECTOR'S RESPONSIBILITY

The preparation of the pro forma management accounts is the sole responsibility of the directors and has been prepared in accordance with the basis stated above, for illustrative purposes only, to demonstrate the impact on the pro forma distribution income statement and the pro forma summarised statement of financial position. Due to its nature, the pro forma management accounts may not fairly present the results of the group and the financial position.

PRO FORMA DISTRIBUTION INCOME STATEMENT

Euro	Year ended 30 June 2017	Year ended 30 June 2016
Rental income	26,086,282	14,203,699
Net service charges and property operating expenses	(2,982,320)	(1,989,426)
- Service charges income and other recoveries	4,246,181	2,047,322
- Service charges and other property operating expenses	(7,228,501)	(4,036,748)
Net rental income	23,103,962	12,214,273
Other income	113,744	1,717,829
Corporate expenses	(3,265,895)	(3,203,472)
Net operating income	19,951,811	10,728,630
Net finance costs	(439,869)	(355,990)
- Finance income	1,803,433	433,132
- Finance costs	(2,812,600)	(817,928)
- Interest capitalised on development property	569,298	28,806
Current taxation	(1,612,764)	(684,749)
Direct investment result	17,899,178	9,687,891
Fair value adjustments	24,623,199	6,431,719
Investment expenses	(281,555)	(2,202,144)
Other income	(245,419)	637,552
Exchange differences	(4,638,606)	(12,913,210)
Deferred taxation	(3,768,849)	(143,776)
Indirect investment result	15,688,770	(8,189,859)
IFRS net profit (direct plus indirect result)	33,587,948	1,498,032
Other specific adjustments		
Direct investment result		
Elimination of IFRS 2 option expense	245,419	—
Interest income on geared share purchase plan	192,988	—
Sirius earnings on a look-through basis ¹	1,137,215	924,985
Capitalisation of borrowing costs to development	240,658	773,765
	1,816,280	1,698,750
Indirect investment result		
Fair value adjustments	17,199	—
Loan impairment on geared share purchase	(760,852)	—
	(743,653)	—
Management accounts profit	34,660,575	3,196,782

¹ The sirius adjustment recognises the group's share of Sirius Real Estate Limited's earnings which exceeds the dividend income the group has already recognised

DISTRIBUTABLE EARNINGS

Euro	Year ended 30 June 2017	Year ended 30 June 2016
Direct investment result	17,899,178	9,687,891
Other specific adjustments - direct	1,816,280	1,698,750
Distributable earnings before effect of shares issued during the year	19,715,458	11,386,641
Adjustment relating to shares issued during the year	3,832,529	1,568,916
Distributable earnings¹	23,547,987	12,955,557
Distributable earnings per share	4.90	3.72

BASIS OF DISTRIBUTION

Euro	Year ended 30 June 2017	Year ended 30 June 2016
Distributable earnings	23,547,987	12,955,557
Interim distributable earnings	(8,631,292)	(2,339,625)
	14,916,695	10,615,932
Adjustment from reserves	402,204	(2,841,590)
Final distribution	15,318,899	7,774,342
Final distribution per share (euro cents)	3.19	2.23
Interim distribution per share (euro cents)	2.66	2.27
Annual distribution per share (euro cents)	5.85	4.50
Closing number of shares	480,216,299	348,625,219
Weighted average number of shares in issue ²	402,059,173	306,406,760

¹ Adjusted for the impact of shares issued during the year

² Weighted average number of shares includes geared purchase plan shares

PRO FORMA SUMMARISED STATEMENT OF FINANCIAL POSITION

Euro	As at 30 June 2017	As at 30 June 2016
Intangibles	23,961,030	25,262,818
Investment property	558,646,823	311,613,772
- Income-generating property	463,397,773	242,625,172
- Development property	44,653,472	24,907,797
- Land bank	50,613,578	44,080,803
Financial instruments	21,014,243	51,614,068
Interest bearing receivables - PKM Preference Shares	60,680,546	—
Interest bearing receivables - PKM Investment joint venture	30,595,055	—
Deferred taxation asset	758,055	721,292
Trade and other receivables	7,908,529	11,313,808
Other assets	550,827	241,083
Cash and cash equivalents	74,164,762	66,946,902
Total assets	778,279,870	467,713,743
Shareholders' equity	602,241,619	400,844,952
Interest bearing borrowings - external	147,243,076	44,578,595
Financial instruments	12,881,004	12,543,033
Deferred taxation liability	4,895,895	1,242,741
Trade and other payables	10,926,472	8,405,586
Other liabilities	91,805	98,836
Total liabilities	176,038,252	66,868,791
Total shareholders' equity and liabilities	778,279,870	467,713,743
Actual number of ordinary shares in issue	480,216,299	348,625,219
NAV per share (euro cents)	125.6	115.0
Adjusted NAV per share (euro cents) ¹	126.5	115.1

¹ Adjusted NAV per share excludes deferred taxation.

PRO FORMA DISTRIBUTION INCOME STATEMENT

RECONCILIATION OF IFRS TO MANAGEMENT ACCOUNTS

	IFRS		ADJUSTMENTS		MANAGEMENT	
	year ended	year ended	Development	Investment	Gearing share	ACCOUNTS
Euro	30 June 2017	30 June 2017	joint venture ²	joint venture ³	purchase plan ⁴	30 June 2017
Rental income	27,032,238	—	400	(946,356)	—	26,086,282
Service charges and other recoveries	4,550,190	—	404	(304,413)	—	4,246,181
	31,582,428	—	804	(1,250,769)	—	30,332,463
Service charges and other property operating expenses	(7,598,036)	—	—	368,715	820	(7,228,501)
Net rental income	23,984,392	—	804	(882,054)	820	23,103,962
Other income	(3,498,209)	—	113,744	—	—	113,744
Corporate expenses	(281,061)	281,061	(52,797)	40,512	244,599	(3,265,895)
Investment expenses	—	—	—	—	—	—
Net operating income	20,205,122	281,061	61,751	(841,542)	245,419	19,951,811
Fair value adjustments	25,592,290	(25,592,290)	—	—	—	—
Exchange differences	(4,684,895)	4,684,895	—	—	—	—
Share of profit/(loss) from equity accounted investee,	178,397	—	(178,397)	—	—	—
net of taxation	—	—	—	—	—	—
Profit before finance income/costs	41,290,914	(20,626,334)	(116,646)	(841,542)	245,419	19,951,811
Finance income	1,207,196	—	76,347	519,890	—	1,803,433
Finance costs	(2,238,497)	(569,298)	(5,496)	691	—	(2,812,600)
Interest capitalised on development property	—	569,298	—	—	—	569,298
Profit before taxation	40,259,613	(20,626,334)	(45,795)	(320,961)	245,419	19,511,942
Current taxation	(1,741,449)	—	—	128,685	—	(1,612,764)
Deferred taxation	(3,942,153)	3,942,153	—	—	—	—
DIRECT INVESTMENT RESULT	34,576,011	(16,684,181)	(45,795)	(192,276)	245,419	17,899,178
Fair value adjustments	—	25,592,290	—	(969,091)	—	24,623,199
Investment expenses	—	(281,061)	(494)	—	—	(281,555)
Other income/expenses	—	—	—	—	(245,419)	(245,419)
Exchange differences	—	(4,684,895)	46,289	—	—	(4,638,606)
Deferred taxation	—	(3,942,153)	—	173,304	—	(3,768,849)
INDIRECT INVESTMENT RESULT	—	16,684,181	45,795	(795,787)	(245,419)	15,688,770
IFRS net profit (direct plus indirect results)	34,576,011	—	—	(988,063)	—	33,587,948
Attributable to:						
Non-controlling interest	988,063	—	—	(988,063)	—	—
Owners of the group	33,587,948	—	—	—	—	33,587,948
Other specific adjustments						
Direct investment result						
- Elimination of IFRS 2 option expense	—	—	—	—	245,419	245,419
- Interest income on geared share purchase plan	—	—	—	—	—	192,988
- Sirius earnings on a look-through basis	—	—	—	—	—	1,137,215
- Capitalisation of borrowing costs to development	—	—	—	—	—	240,658
Indirect investment result						
- Fair value adjustments	—	—	—	—	17,199	17,199
- Loan impairment on geared share purchase	—	—	—	—	—	(760,852)
MANAGEMENT ACCOUNTS PROFIT	—	—	—	—	—	34,660,575

- Reclassifications relate to the adjustments made to the IFRS income statement by allocating amounts into direct investment result and indirect investment result, and to re-allocate certain statement of financial position items between current and non-current captions.
- The Development JV adjustments proportionately consolidates the income, expenditures, assets and liabilities relating to the Prime Kapital Development joint venture, which has been equity accounted for in the condensed abridged consolidated financial statements prepared in accordance with IFRS.
- The Investment JV adjustments proportionately consolidates the income, expenditures, assets and liabilities relating to the Prime Kapital Investment joint venture, which has been consolidated in the condensed abridged consolidated financial statements prepared in accordance with IFRS.
- The geared share purchase plan adjustments reverse the IFRS accounting in the following manner:
 - the option accounting has been replaced with the legal form, being the recognition of the loan and shares issued in terms of the plan.
 - the interest earned on the loan is recognised in Other specific adjustments - Direct. The loan has also been impaired to the value of the shares held as security as required.
 - the shares issued are treated as issued rather than being reflected as treasury shares in terms of IFRS.
- Adjusted NAV per share excludes deferred taxation

PRO FORMA SUMMARISED STATEMENT OF FINANCIAL POSITION

RECONCILIATION OF IFRS TO MANAGEMENT ACCOUNTS

	IFRS As at		ADJUSTMENTS		MANAGEMENT ACCOUNTS	
	30 June 2017	Reclassification ¹	Development joint venture ²	Investment joint venture ³	Gearing share purchase plan ⁴	As at 30 June 2017
Non-current assets	23,967,355	—	—	—	(6,325)	23,961,030
Intangible assets	564,291,928	6,336,915	19,255,950	(31,223,400)	(14,570)	558,646,823
Investment property	494,519,173	2,180,000	—	(33,319,400)	—	463,397,773
- Income-generating property	30,081,795	852,900	11,633,225	2,096,000	(10,448)	44,653,472
- Land bank	39,690,960	3,304,015	7,622,725	—	(4,122)	50,613,578
Investment in equity accounted investee	20,205,297	—	(20,204,865)	—	(432)	—
Financial instruments	101,134,245	—	(101,134,245)	—	—	—
Interest bearing receivables - PKM Preference Shares	—	—	60,680,546	—	—	60,680,546
Interest bearing receivables - PKM Investment joint venture	—	—	—	30,595,055	—	30,595,055
Property, plant and equipment	560,019	—	58,378	(67,570)	—	550,827
Deferred taxation asset	758,055	—	—	—	—	758,055
Total non-current assets	710,916,899	6,336,915	(41,344,236)	(695,915)	(21,327)	675,192,336
Current assets	66,097	—	460,000	—	20,488,146	21,014,243
Financial instruments	8,707,035	—	324,875	(780,614)	(342,767)	7,908,529
Trade and other receivables	33,017,502	—	41,577,235	(429,975)	—	74,164,762
Cash and cash equivalents	6,336,915	(6,336,915)	—	—	—	—
Assets held for sale	48,127,549	(6,336,915)	42,362,110	(1,210,589)	20,145,379	103,087,534
Total current assets	759,044,448	—	1,017,874	(1,906,504)	20,124,052	778,279,870
Equity	557,556,273	—	—	—	4,667	557,560,940
Share capital	(21,056,010)	—	—	—	21,056,010	—
Gearing share purchase plan	55,888,038	—	—	—	(647,056)	55,240,982
Retained earnings	225,973	—	—	—	(225,973)	—
Share-based payment reserve	—	—	—	—	—	—
Foreign currency translation reserve	(10,560,303)	—	—	—	—	(10,560,303)
Equity attributable to owners of the group	582,053,971	—	42,362,110	—	20,187,648	602,241,619
Non-controlling interest	988,063	—	—	(988,063)	—	—
Total Equity	583,042,034	—	—	(988,063)	20,187,648	602,241,619
Non-current liabilities	141,751,953	5,461,444	—	—	29,679	147,243,076
Interest bearing borrowings	1,670,086	11,211,990	—	(1,072)	—	12,881,004
Financial instruments	4,998,374	—	—	(102,479)	—	4,895,895
Deferred taxation liability	—	—	—	—	—	—
Total non-current liabilities	148,420,413	16,673,434	—	(103,551)	29,679	165,019,975
Current liabilities	5,461,444	(5,461,444)	—	—	—	—
Interest bearing borrowings	11,211,990	(11,211,990)	—	—	—	—
Financial instruments	10,816,762	—	1,017,874	(814,890)	(93,275)	10,926,471
Trade and other payables	91,805	—	—	—	—	91,805
Provisions	27,582,001	(16,673,434)	1,017,874	(814,890)	(93,275)	11,018,276
Total current liabilities	176,002,414	—	1,017,874	(918,441)	(63,596)	176,038,251
Total liabilities	759,044,448	—	1,017,874	(1,906,504)	20,124,052	778,279,870
Total shareholder equity and liabilities	467,366,299	—	12,850,000	—	—	480,216,299
Number of shares in issue	124.5	—	—	—	—	125.6
Adjusted NAV per share ⁵	125.4	—	—	—	—	126.5

1 Reclassifications relate to the adjustments made to the IFRS income statement by allocating amounts into direct investment result and indirect investment result, and to re-allocate certain statement of financial position items between current and non-current captions.

2 The Development JV adjustments proportionately consolidates the income, expenditures, assets and liabilities relating to the Prime Kapital Development joint venture, which has been equity accounted for in the condensed abridged consolidated financial statements prepared in accordance with IFRS.

3 The Investment JV adjustments proportionately consolidates the income, expenditures, assets and liabilities relating to the Prime Kapital investment joint venture, which has been consolidated in the condensed abridged consolidated financial statements prepared in accordance with IFRS.

4 The gearing share purchase plan adjustments reverse the IFRS accounting in the following manner:

- (i) the option accounting has been replaced with the legal form, being the recognition of the loan and shares issued in terms of the plan.
- (ii) the interest earned on the loan is recognised in Other specific adjustments - Direct. The loan has also been impaired to the value of the shares held as security as required.
- (iii) the shares issued are treated as issued rather than being reflected as treasury shares in terms of IFRS.

5 Adjusted NAV per share excludes deferred taxation



7 September 2017