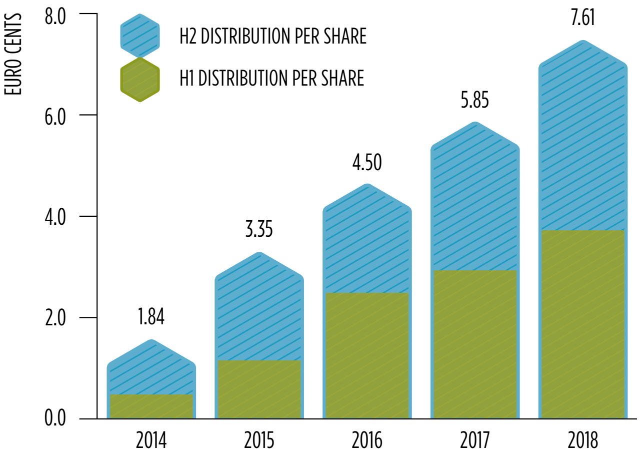
MAS REAL ESTATE INC

CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS 2018

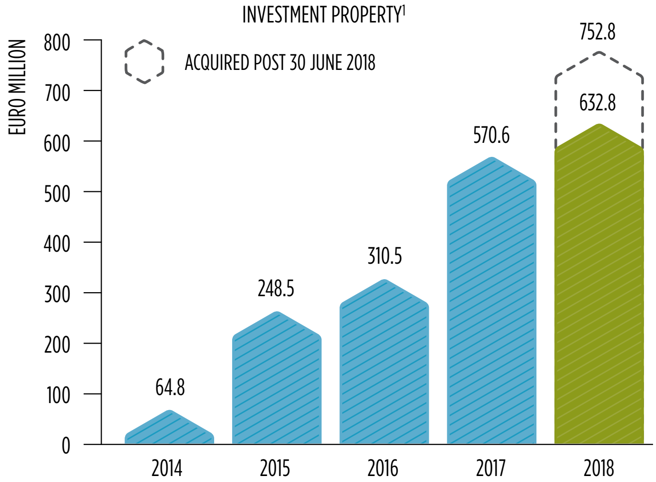
CONTENTS

KEY METRICS

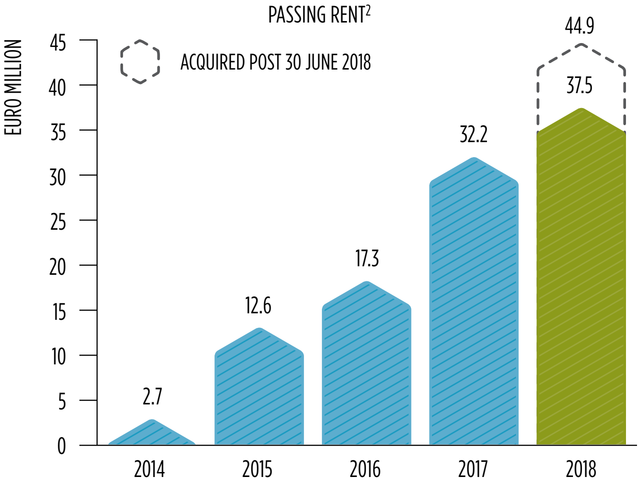
DISTRIBUTION PER SHARE



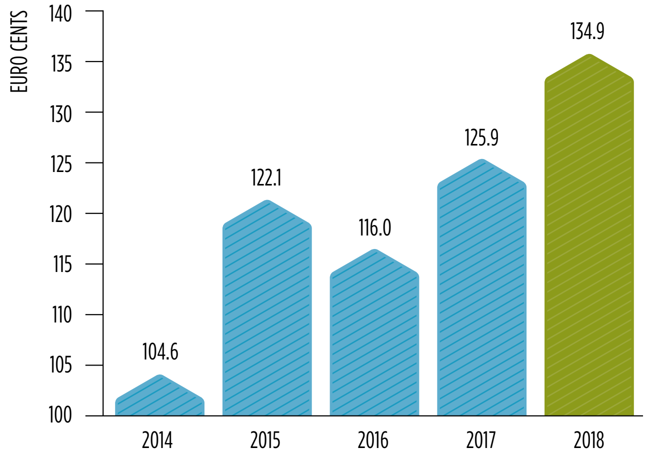
INVESTMENT PROPERTY[1]



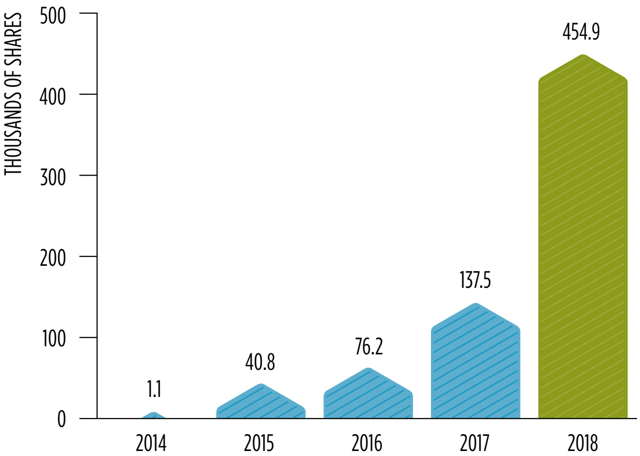
PASSING RENT[2]



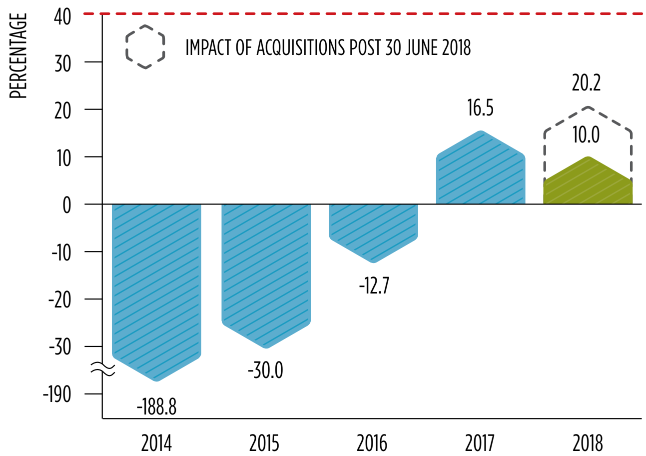
EPRA NAV PER SHARE



MEDIAN DAILY SHARE VOLUME



LOAN TO VALUE



[1] Includes investment property held for sale.
[2] MAS' share of the income-generating portoflio's passing rent.

DIRECTORS' REPORT

7%

YEAR-ON-YEAR INCREASE IN EPRA NAV PER SHARE

TO 134.9 EURO CENTS (2017: 125.9 EURO CENTS)

32%

YEAR-ON-YEAR INCREASE IN INCOME-GENERATING PROPERTY[1]

35%

INCREASE IN NET RENTAL INCOME

90% INCREASE IN NET OPERATING INCOME

ANNUAL 2018 DISTRIBUTION PER SHARE OF

7.61

EURO CENTS

4.03 EURO CENTS DISTRIBUTION PER SHARE PROPOSED FOR H2

PKM DEVELOPMENTS

21,000 SQM COMPLETED
>634,000 SQM UNDER DEVELOPMENT

[1] Includes investment property held for sale and acquisitions post 30 June 2018.

DISTRIBUTABLE EARNINGS

The group achieved 29.6% growth in distributable earnings per share for the year, to 6.35 euro cents compared with 4.90 euro cents for 2017. This significant improvement in distributable earnings per share was driven by the strong performance and accretive acquisitions of investment property, completion of assets in the development pipeline, investment in PKM Developments and distributions received from the investment in the REIT portfolio.

FINAL DISTRIBUTION

As a result of the increase in distributable earnings and strong pipeline of investments and developments, the board has proposed a final distribution of 4.03 euro cents per share for the second half of the 2018 financial year, which includes 0.38 euro cents per share from reserves. This brings the cumulative annual distribution to 7.61 euro cents per share for 2018, an increase of 30% over last year's distribution of 5.85 euro cents per share. This dividend will be paid in cash, with no scrip alternative offered to shareholders. An announcement containing further details will be released in due course.

The outlook for 2019 is discussed under Prospects below.

CASH MANAGEMENT AND DEBT

A strategic priority has been to mitigate the group's future funding obligations towards PKM Developments. Accordingly, during the year, the group took advantage of the opportunity to raise adequate equity to fully meet its commitments to PKM Developments and to finance suitable acquisition opportunities.

To manage its funding ahead of fulfilling its commitments to PKM Developments, the group invested €200 million in a portfolio of liquid European REITs, that focus predominantly on retail. This strategy achieves many objectives for the group as it:

- generates a return on funds earmarked for PKM Developments before drawdown, since euro interest rates on cash are negative;
- efficiently matches the asset/ liability profile of the group;
- provides a collateral pool for debt facilities at extremely low margins, thereby facilitating substantial flexibility in acquiring investments; and
- provides exposure to high quality businesses with similar risk profiles to those of the group.

This strategy exposes the portfolio to some capital volatility. At year-end the REIT portfolio has declined in value to €183.1 million, in line with the performance of retail-focused stocks in Western Europe that have come under pressure in the first half of 2018. Dividend income of €8.4 million has been earned on this portfolio since acquisition.

At year-end, the group held €147.8 million in cash (2017: €33.0 million), excluding the cash held in PKM Developments. In addition, the group had €242.7 million of third-party debt finance at 30 June 2018 (2017: €147.2 million), resulting in a group loan to value of 10.0% (2017: 16.5%), with a weighted average cost of debt of 2.69% of which 82% is fixed/hedged.

After year-end, the group completed the acquisition of the Militari Shopping Centre and the Braunschweig properties as discussed below.

ACQUISITION AND DEVELOPMENT UPDATE

INCOME-GENERATING PORTFOLIO

The portfolio performed strongly during the reporting period, with net operating income growing by 89.6% year on year from €20.2 million to €38.3 million. The EPRA net asset value per share increased by 7.1% to 134.9 euro cents per share (IFRS NAV 2018: 134.0) from 125.9 euro cents per share at the previous year-end (IFRS NAV 2017: 124.5), driven by the impact of the capital raises undertaken during the year.

Work is in progress on reconfiguring and adding about 18,000 square metres to the aggregate GLA of the CEE retail assets. This will increase the fashion and leisure offering of the centres to consolidate their regionally dominant position and enhance the performance of the portfolio.

Management's key focus is to deploy the capital on the balance sheet. Although opportunities are available, strong investment discipline is needed when assessing assets at current prices, given the competitive environment and liquidity in the market. The group is focused on not overpaying for assets in a heated market and assesses capital deployment carefully to ensure that the longer term strategy is not compromised by shorter term goals. Notwithstanding this, the group has successfully acquired the following:

UBERIOR HOUSE, EDINBURGH, SCOTLAND (ACQUISITION COMPLETED MAY 2018)

Uberior House was bought for £71 million (€80.1 million). The property consists of grade A offices, prominently positioned in the heart of Edinburgh's Exchange financial district.

The property has an aggregate GLA of 14,700 square metres, leased to Bank of Scotland on several leases that expire in 2025, at a current passing rent of £4.15 million a year (about €4.68 million). This will be topped up by the vendor to £4.20 million a year (about €4.74 million) to reflect the anticipated settlement of outstanding rent reviews. The annual net operating income of the property is £4.10 million (about €4.63 million). Bank of Scotland is a subsidiary of the Lloyds Banking Group PLC, a FTSE 100-listed financial institution.

The acquisition represents a unique opportunity to grow the rental income of the property from current levels through active asset management. Edinburgh has a structural undersupply of grade A office space, compounded by growing demand and declining supply dynamics. The current lease has a rent review in 2020 which will make it possible to negotiate a market-related payment, creating upside for MAS. This, together with the age of the lease, presents the opportunity to re-gear what is an under-rented property at a higher rent-roll. The acquisition also enables MAS to leverage its significant experience in the Edinburgh property market, after delivering the award-winning New Waverley mixed-use development of hotels, retail, residential and a 19,000 square metre office building.

MILITARI SHOPPING CENTRE, BUCHAREST, ROMANIA (ACQUISITION COMPLETED JULY 2018)

The Militari Shopping Centre was acquired in conjunction with Prime Kapital, in which MAS has an 80% direct participation, for a purchase price of €95.0 million. Militari is located in the west of Bucharest, the capital of Romania, and draws footfall from an aggregate catchment of approximately 365,000 people within a 15-minute drive. The centre benefits from ongoing extensive residential densification in its immediate surroundings. Residential schemes currently under construction will add about another 4,000 apartments in the vicinity and are expected to keep the strong growth in footfall in the near term.

Militari has 57 tenants spread across about 56,400 square metres of GLA, of which 53,700 square metres is retail and 2,700 square metres is offices, in addition to 2,500 parking spaces. The annual net operating income of Militari is €7.1 million at a weighted average rental of €10.6 per square metre per month. The centre is anchored by Auchan (hypermarket), Praktiker (DIY), Decathlon (sports goods) as well as various international fashion brands such as H&M, C&A, Reserved, New Yorker, LC Waikiki, Pepco, Deichmann, Hervis, Humanic, Koton and Takko. The current retail tenant mix has a weighted average lease term to first break option of 6.5 years and the property is fully occupied. Fashion and lifestyle tenants contribute 43% of passing rent while food and grocery tenants contribute 29%.

The asset provides stable underlying income with good prospects for future growth. This will come from optimisation at lease expiry and an extension of the lettable area to match growing footfall, driving the direct investment return. Significant redevelopment opportunities are expected to be available in the medium and long term.

BRAUNSCHWEIG, GERMANY (ACQUISITION COMPLETED AUGUST 2018)

A retail park and convenience centre in Braunschweig, Germany, were acquired for €25.0 million.

The retail park, known as "Gewerbehof Celler Str.", is located in the northern part of the city of Braunschweig, on one of the main arterial roads leading from the inner city to the Autobahn. Braunschweig, with 250,000 inhabitants, is the second-largest city in Lower Saxony. Its population is expected to grow by about 5% by 2030.

The retail park has a GLA of about 16,400 square metres, 540 parking spaces and a current rental income of €1.5 million a year. The centre has 22 tenants and is focused on large-scale retail schemes such as food discounters (Aldi & Lidl, HolAb!), furniture, textile and interior shops (Tedox, Christiansen, Dänisches Bettenlager), complemented by specialist shops such as Fressnapf (pet shop) and Staples (office equipment). In addition, the retail park contains a development plot with 4,600 square metres of retail potential. The current WALT is 6 years.

The convenience centre, known as "Welfenplatz", is located in southern Braunschweig and is anchored by an Edeka supermarket with a long-term lease until 2030. The asset has a GLA of 2,500 square metres and current rental income of €163,000 a year.

Both assets are well established and provide strong prospects for future growth, supporting the group's drive for direct investment returns delivering a return on equity of more than 8%. In the short to medium term, extending the retail park will further increase direct investment returns.

DEVELOPMENTS AND LAND BANK

NEW WAVERLEY, EDINBURGH, SCOTLAND

The New Waverley development is nearing completion. As previously announced, the office component, pre-let to the UK government on a 25-year lease, was forward-sold under a funding agreement to Legal and General for about €23.5 million. Further development profits will be paid when construction is complete. The UK government has expressed interest in exercising its option over the adjacent residential development site. It will make a decision in the first half of the 2019 calendar year.

The last remaining undeveloped component of New Waverley is the residential element. Offers to acquire both the northern and southern parts of the site have been received and accepted, subject to due diligence and the finalisation of the government's option over the northern part of the site.

LANGLEY PARK, CHIPPENHAM, ENGLAND

The development site with residential planning consent at Langley Park in Chippenham, UK, is in the last stages of disposal. Final offers from home builders are being considered. The construction of the hotel, pre-let to Travelodge, is well advanced and the sale of the supermarket land site to Aldi has been finalised. This will complete the acquisition business plan for this property. Steady income is being generated from tenants, including Siemens, on the adjacent retained Technology Park, where further extensions are under consideration.

DIRECTORS' REPORT (CONTINUED)

NORTH STREET QUARTER, LEWES, ENGLAND
Progress continues to be made on the complex and large scale North Street Quarter regeneration development project in Lewes. The majority of pre-commencement building permit conditions have now been cleared and the Land Collaboration Agreement with the joint landowner, Lewes District Council is close to being finalised. Due to the complexity of the project and the need to work with a number of stakeholders, including the local government as joint landowners, the scheme has taken longer to progress than originally budgeted. Although there remains a structural shortfall, the residential market in the UK seems to be less dynamic at present than in previous periods, but initial discussions with developers indicate that there is demand for the planned development, given the site's unique character and location within a National Park. Discussions are ongoing with the aim to appoint a specialist developer by the end of the 2018 calendar year.

PKM DEVELOPMENTS
PKM Developments has made good progress on its development pipeline, completing its first six convenience value extensions of Kaufland mini-hypermarkets with an aggregate GLA of about 21,000 square metres on time and within budget. Construction has started of two value centres and a convenience value extension with an aggregate GLA of about 48,000 square metres, which will be completed by the end of the 2018 calendar year. In addition, the secured development pipeline in CEE has expanded significantly to approximately €755 million and consists of the projects discussed below.

MALL MOLDOVA
Permitting is under way for the planned redevelopment of Era Shopping Park, Iasi, into the super-regional Mall Moldova with 100,000 square metres GLA. Mall Moldova will be the largest retail and leisure development in Romania outside Bucharest. With design work substantially completed, pre-construction leasing work in respect of the extension has commenced and is progressing well, as has been anticipated.

ARGES MALL
Permitting for the planned regionally dominant mall with 50,000 square metres GLA and for the accompanying public infrastructure in a central, high-density location in Pitesti, Romania is making good progress. Tenant interest in the planned retail consolidation for the Pitesti and wider Arges region is strong and pre-construction leasing work is progressing well.

DAMBOVITA MALL
Permitting is under way for the regionally dominant mall with 31,000 square metres GLA in Targoviste, Romania. Despite the lease process not having commenced, several major anchor tenants have expressed strong interest in the development. It will be the first mall in the Dambovita county and forms part of a wider urban regeneration project undertaken by the local authorities within 2km of the city centre, in a densely populated residential area.

PLOIESTI VALUE CENTRE
Permitting is underway for the retail value centre with 25,600 square metres GLA and a high concentration of anchor tenants. The centre is located in a densely populated residential area in close proximity to the city's main train, tram and bus stations, with high visibility and good road access. Despite the lease process not yet having commenced, several major anchor tenants have expressed strong interest in the development.

DN1 VALUE CENTRE
Pre-construction leasing is progressing well for the convenience value extension of 28,000 square metres GLA to the existing Hornbach and Lidl units in Balotesti, a rapidly-developing, affluent residential area about 25km north of Bucharest. The first phase of development is expected to open by the end of the 2019 calendar year.

BAIA MARE VALUE CENTRE
Construction of about 22,000 square metres GLA is advancing and the centre is on schedule to open for trade in December 2018.

ROMAN VALUE CENTRE
Construction of 19,000 square metres GLA is progressing and the centre is on schedule to open for trade in November 2018.

KAUFLAND VALUE CENTRE EXTENSIONS (31,000 SQUARE METRES AGGREGATE GLA)
During the course of the 2018 financial year the first six convenience value extensions of existing Kaufland mini-hypermarkets have been completed on time and within budget. The first phase (7,000 square metres GLA) of a further development is expected to complete by the end of the 2018 calendar year.

ZALAU VALUE CENTRE
About five hectares of land have been secured in Zalau with plans to develop and operate a retail value centre of 18,000 square metres GLA with a high concentration of anchor tenants. Zalau, with 56,000 inhabitants, is the capital of Salaj county and an important manufacturing centre in the north west of Romania. The project is highly visible. It is in the immediate vicinity of a dense residential area and the city's regional bus terminal, on the main road connecting Zalau with the other major cities in the county and wider Transylvania area. The catchment includes about 166,000 inhabitants within a 45-minute drive. Anchor tenants have expressed strong interest in the planned development and permitting is ongoing. The centre is expected to open for trade by the end of the 2019 calendar year.

AVALON ESTATE
Permitting is ongoing on the upmarket, modern housing estate near the developing central business district and commercial centre in the affluent northern part of Bucharest. The project was publicly launched in June 2018 and received very positive feedback. The pre-construction sales process is planned to commence by the end of this calendar year and the first units of the planned 767 high quality houses, townhouses and apartments will be available for occupation in the second quarter of the 2020 calendar year.

MARMURA APARTMENTS
Since the date of the last report, substantial additional design work has been done on the large-scale residential block development planned

for the 1.5-hectare site in the expanding north west area of Bucharest. The number of individual units has been increased from 380 to 460. Permitting is in progress and the pre-construction sales process is expected to start by the end of the 2018 calendar year. The first units will be available for occupation by the third quarter of the 2020 calendar year.

TEBA IASI

About 10 hectares of land have been secured in Iasi with plans to develop a large-scale, mixed-use project that will include up to 100,000 square metres of A-grade offices, over 2,500 residential units and a hotel. Iasi, with a population of 369,000 inhabitants, is the second-largest city in Romania, the most important industrial centre in the north east and the second-largest university centre outside Bucharest, with over 53,000 students. The project is close to the city centre and within walking distance of the two largest university campuses in Iasi. This site is highly visible, with 450 metres of frontage on a main boulevard connecting the site to the city centre, and easily accessible both by car and public transport since three public transport hubs (bus and tram) are in the immediate vicinity. Due diligence and project planning work is currently in progress. Major office tenants and hotel operators have expressed strong interest in the planned development.

PROSPECTS

MAS continues to benefit from a strong balance sheet with sufficient capital to meet its obligations, as well as a healthy development and acquisition pipeline. The group has access to a development partner with demonstrated competitive advantages in identifying and executing exceptional opportunities.

The board is cognisant of heated property markets fuelled by liquidity and owners and developers eager to dispose of over-rented properties at prices that are high by historical standards. As a result, the board is determined to retain strong investment discipline and pursue only quality developments and acquisitions with value-adding potential and strong long-term growth prospects. It has previously been stated and remains the view of the board, that longer-term prospects will not be sacrificed to meet shorter term distribution growth targets and the implementation of transactions is not being rushed.

The board is committed to distributing quality earnings to shareholders on a sustainable basis and do not intend to subsidise the 2019 distribution from reserves, but to fund it from distributable earnings. Accordingly, the directors consider that a distribution growth target of 15% for the 2019 financial year is appropriate. This target is based on the acquisition and development pipeline in place and further opportunities being pursued. It also assumes that a stable macro-economic environment will prevail, no major corporate failures will occur, the investments and developments reported on above will progress as expected and budgeted rental income based on contractual escalations as well as market-related renewals will be collected. This target has not been reviewed or audited by the group's auditors.

Capital management is an important area of value creation for shareholders. The board will consider buying back shares as and when it can create value for shareholders, if the trading price is below the intrinsic NAV per share of the business. Such buybacks will be done with care, since capital is a scarce and valuable resource and there remains opportunities to grow shareholder value by investing and developing at rates in excess of the cost of capital.

MAS will continue to pursue profitable growth through exploiting further acquisition and development opportunities in its markets, as well as by optimising its balance sheet. Further announcements will be made as appropriate.

By order of the board of directors:

DIRECTORS:

Ron Spencer
(Non-Executive Chairman)
Morné Wilken
(Chief Executive Officer)
Malcolm Levy
(Chief Financial Officer)
Jonathan Knight
(Chief Investment Officer)
Gideon Oosthuizen
(Non-Executive Director)
Jaco Jansen
(Non-Executive Director)
Pierre Goosen
(Non-Executive Director)
Glynnis Carthy
(Non-Executive Director)

Lukas Nakos, the former CEO, ceased to be a director with effect from 31 December 2017. Morné Wilken, previously a non-executive director, took over as CEO with effect from 1 January 2018.

REPORTING CURRENCY

The group's results are reported in euros.

ASSURANCE

These preliminary consolidated financial statements for the year ended 30 June 2018 have been reviewed by KPMG Audit LLC who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report from the company's head office together with the financial statements identified in the auditor's report.

TRADING STATEMENT

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

LISTINGS

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2018

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Rental income	5	37,452,513	27,032,238
Service charge income and other recoveries	7	5,954,048	4,550,190
Revenue		**43,406,561**	**31,582,428**
Service charge and other property operating expenses	8	(11,073,518)	(7,598,036)
Net rental income		**32,333,043**	**23,984,392**
Sales of inventory property		26,020,940	—
Cost of sales of inventory property	18	(21,704,016)	—
Profit on sales of inventory property	6	4,316,924	—
Other income	11	8,585,032	—
Corporate expenses	12	(4,946,973)	(3,498,209)
Investment expenses	9	(1,976,096)	(281,061)
Net operating income		**38,311,930**	**20,205,122**
Fair value adjustments	10	(15,800,127)	25,592,290
Foreign currency exchange differences	13	(1,020,787)	(4,684,895)
Share of profit from equity accounted investees, net of tax	20	3,568,925	178,397
Goodwill impairment	16	(1,274,346)	—
Profit before finance costs		**23,785,595**	**41,290,914**
Finance income	14	7,975,558	1,207,196
Finance costs	14	(5,560,344)	(2,238,497)
Profit before tax		**26,200,809**	**40,259,613**
Current tax	15	(5,556,002)	(1,741,449)
Deferred tax	15	(1,311,385)	(3,942,153)
Profit for the year		**19,333,422**	**34,576,011**
Attributable to:			
Owners of the parent		16,856,306	33,587,948
Non-controlling interest	27	2,477,116	988,063
Profit for the year		**19,333,422**	**34,576,011**
Basic earnings per share (euro cents)	37	2.92	8.43
Diluted earnings per share (euro cents)	37	2.92	8.43

The notes on pages 11 to 78 form part of these consolidated preliminary financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Profit for the year		**19,333,422**	**34,576,011**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences	26	(1,207,816)	(5,371,692)
Total comprehensive income for the year		**18,125,606**	**29,204,319**
Attributable to:			
Owners of the parent		15,648,490	28,216,256
Non-controlling interest	27	2,477,116	988,063
Total comprehensive income for the year		**18,125,606**	**29,204,319**

The notes on pages 11 to 78 form part of these consolidated preliminary financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

Euro	Note	As at 30 June 2018	As at 30 June 2017
Non-current assets			
Investment property	17	579,212,345	564,291,928
Intangible assets	16	22,592,493	23,967,355
Investment in equity-accounted investees	20	23,774,222	20,205,297
Financial assets	29	105,394,992	101,134,245
Property, plant and equipment		485,620	560,019
Deferred tax asset	15	607,179	758,055
Financial investments	19	183,052,263	—
Total non-current assets		**915,119,114**	**710,916,899**
Current assets			
Financial assets	29	24,507,316	66,097
Inventory property	18	1,293,501	—
Investment property held for sale	23	53,588,444	6,336,915
Trade and other receivables	21	16,148,333	8,707,035
Cash and cash equivalents	22	147,825,624	33,017,502
Total current assets		**243,363,218**	**48,127,549**
Total assets		**1,158,482,332**	**759,044,448**
Equity			
Share capital	24	829,250,399	557,556,273
Geared share purchase plan shares	24	(12,863,010)	(21,056,010)
Retained earnings		48,616,712	55,888,038
Share-based payment reserve	25	1,031,739	225,973
Foreign currency translation reserve	26	(11,768,119)	(10,560,303)
Equity attributable to owners of the parent		**854,267,721**	**582,053,971**
Non-controlling interest	27	2,527,202	988,063
Total equity		**856,794,923**	**583,042,034**
Non-current liabilities			
Interest-bearing borrowings	28	214,407,455	141,751,953
Financial liabilities	30	1,696,005	1,670,086
Deferred tax liability	15	6,139,373	4,998,374
Total non-current liabilities		**222,242,833**	**148,420,413**
Current liabilities			
Interest-bearing borrowings	28	28,305,652	5,461,444
Financial liabilities	30	36,121,577	11,211,990
Trade and other payables	31	14,733,264	10,816,762
Provisions		284,083	91,805
Total current liabilities		**79,444,576**	**27,582,001**
Total liabilities		**301,687,409**	**176,002,414**
Total shareholders' equity and liabilities		**1,158,482,332**	**759,044,448**
Ordinary shares in issue	24	637,493,798	467,366,299
IFRS Net Asset Value per share (euro cents)		134.0	124.5

The notes on pages 11 to 78 form part of these consolidated preliminary financial statements.

These consolidated preliminary financial statements were approved by the Board and signed on 3 September 2018 on their behalf by:

Ron Spencer
Chairman

Malcolm Levy
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

Euro	Note	Share capital	Geared share purchase plan shares (treasury shares)	Retained earnings	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance at 30 June 2016		**378,530,556**	**—**	**27,503,007**	**—**	**(5,188,611)**	400,844,952	**—**	400,844,952
Comprehensive income for the year									
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
Equity transactions									
Share-based payment reserve	25	—	—	—	225,973	—	**225,973**	—	**225,973**
		—	**—**	**—**	**225,973**	**—**	225,973	**—**	225,973
Transactions with the owners of the parent									
Issue of shares	24	192,292,442	(21,056,010)	—	—	—	**171,236,432**	—	**171,236,432**
Distributions	24	(13,266,725)	—	(5,202,917)	—	—	**(18,469,642)**	—	**(18,469,642)**
Total other transactions with the owners of the parent and non-controlling interests		**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
Comprehensive income for the year									
Profit for the year		—	—	16,856,306	—	—	**16,856,306**	2,477,116	**19,333,422**
Other comprehensive income		—	—	—	—	(1,207,816)	**(1,207,816)**	—	**(1,207,816)**
Total comprehensive income for the year		**—**	**—**	**16,856,306**	**—**	**(1,207,816)**	15,648,490	**2,477,116**	18,125,606
Equity transactions								—	
Share-based payment reserve	25	—	—	—	805,766	—	**805,766**	—	**805,766**
		—	**—**	**—**	**805,766**	**—**	805,766	**—**	805,766
Transactions with the owners of the parent									
Issue of shares	24	295,836,210	—	—	—	—	**295,836,210**	—	**295,836,210**
Shares forfeited and cancelled	24	(8,193,000)	8,193,000	—	—	—	**—**	—	**—**
Distributions	24,27	(15,949,084)	—	(24,127,632)	—	—	**(40,076,716)**	(937,977)	**(41,014,693)**
Total other transactions with the owners of the parent and non-controlling interest		**271,694,126**	**8,193,000**	**(24,127,632)**	**—**	**—**	255,759,494	**(937,977)**	254,821,517
Balance at 30 June 2018		**829,250,399**	**(12,863,010)**	**48,616,712**	**1,031,739**	**(11,768,119)**	854,267,721	**2,527,202**	856,794,923

The notes on pages 11 to 78 form part of these consolidated preliminary financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Cash generated from operating activities	22	**34,900,798**	**20,478,405**
Adjustments:			
Decrease in receivables		1,029,613	2,557,048
(Decrease)/increase in payables		(904,406)	2,520,565
Increase in provisions		192,278	—
Finance income received - interest on preference shares	14	3,602,861	—
Tax paid on operating activities	15	(3,434,495)	(1,066,198)
Net cash from operating activities		**35,386,649**	**24,489,820**
Investing activities			
Acquisition of investment property	17	(79,650,439)	(156,414,516)
Capitalised expenditure on investment property	17	(13,167,161)	(21,900,594)
Settlement of investment property acquisition retentions		(225,000)	(3,318,865)
Proceeds from the sale of investment property	17	24,057,746	7,999,160
Capitalised expenditure on investment property held for sale	23	(1,149,597)	—
Proceeds from the sale of investment property held for sale	23	7,353,427	—
Expenditure on inventory property		(17,676,966)	—
Proceeds from sale of inventory property		17,571,371	—
Acquisition of subsidiary net of cash acquired		—	(61,326,012)
Acquisition of PKM preference shares	29	—	(100,000,000)
Capitalised transaction costs of equity-accounted investee	20	—	(35,184)
Acquisition of property, plant and equipment		(25,627)	(34,425)
Capitalised expenditure on intangible assets		(78,679)	(222,519)
Proceeds from the sale of financial investments	19	—	47,045,042
Acquisition of financial investments	19	(199,557,215)	—
Finance cost paid - Interest incurred on bank deposits	14	(332,222)	(6,830)
Finance income received - interest earned on bank deposits	14	4,223	72,951
Settlement of financial liability		(1,093,000)	(3,327,225)
Settlement of financial asset		66,097	—
Tax paid on investing activities	15	(1,541,766)	—
Cash used in investing activities		**(265,444,808)**	**(291,469,017)**
Financing activities			
Proceeds from the issue of share capital	24	279,917,834	157,984,909
Proceeds from interest-bearing borrowings	28	104,067,925	111,657,786
Transaction costs relating to interest-bearing borrowings	28	(1,431,560)	(2,168,837)
Repayment of capital on interest bearing-borrowings	28	(7,350,266)	(7,098,329)
Finance cost paid - interest on interest-bearing borrowings	14,28	(4,435,102)	(2,470,916)
Distributions paid		(25,096,317)	(5,202,917)
Cash generated from financing activities		**345,672,514**	**252,701,696**
Net increase/(decrease) in cash and cash equivalents		**115,614,355**	**(14,277,501)**
Cash and cash equivalents at the beginning of the year		33,017,502	47,997,978
Effect of movements in foreign exchange rate fluctuations on cash held		(806,233)	(702,975)
Cash and cash equivalents at the end of the year	22	**147,825,624**	**33,017,502**

The notes on pages 11 to 78 form part of these consolidated preliminary financial statements.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS

For the year ended 30 June 2018

1. CORPORATE INFORMATION

The Company is domiciled in the British Virgin Islands. These financial statements as at, and for the year ended, 30 June 2018 comprise the consolidated financial statements of 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 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 at fair value through profit or loss FVTPL, refer to notes 29 and 30;
- Financial investments, refer to note 19;
- Share-based payments, refer to 25;
- Investment property, refer to note 17; and
- Investment property held for sale, refer to note 23

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

The board has 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:

- *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 acquisitions during the year were not business combinations as the group did not acquire the strategic management. For property acquisitions refer to note 17.
- *Sales of inventory property:* Once a sale agreement contract is negotiated and a sale of investment property is agreed, the group assesses whether it is a continuous-sale transaction or a sale of goods transaction. The judgement is based on the terms and conditions of the sale agreement, which are comparable to the criteria set out in IFRIC 15 'Agreements for the Construction of Real Estate' and IAS 18 'Revenue', notwithstanding that the sale of inventory property is not income that arises in the ordinary activities of the group, refer to note 18.
- *Preference shares – PKM Developments:* The group is required to make judgements whether there is objective evidence that the preference shares may be impaired. The group has concluded there is no objective evidence that the preference shares are impaired, refer to note 29.

The key areas of estimation uncertainty are:

- *Investment property and Investment property held for sale:* External property valuation experts or, where relevant, firm offers from market participants are used to determine the fair value of investment property. 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 notes 17 and 23.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

2. BASIS OF PREPARATION (CONTINUED)

USE OF JUDGEMENT AND ESTIMATION UNCERTAINTY (CONTINUED)

- *Loan commitments:* The group committed to acquire PKM Developments preference shares, refer to note 20. Judgements are made to assess the market related rate of these loan commitments. The group applies judgement in reviewing the loan commitments made 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.
- *Continuous-sale transaction:* The group entered into an agreement to dispose of the land that is designated for offices at New Waverley in Edinburgh, Scotland to Legal & General and to develop the office on a forward funding basis for Legal & General. The transaction has been accounted for as a continuous-sale transaction and the following assumptions have been made to estimate the costs of completion to determine the amounts of revenue recognised:
    - Construction costs; and
    - Stage of completion.

  The significant methods and assumptions are set out in note 18.
- *Financial instruments:* In determining the fair value of financial instruments and financial investments measured 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 30.

PRESENTATION CURRENCY

These consolidated financial statements are presented in euro which is the group’s presentation currency.

3. ADOPTION OF NEW AND REVISED STANDARDS

The group adopted the following amendments to standards:

Amendments/improvements to standards and interpretations adopted	Description
IAS 7 (Amendments) 'Statement of Cash Flows'	- Disclosure initiatives
IAS 12 (Amendments) 'Income taxes'	- Recognition of deferred tax assets for unrealised losses
IFRS 12 (Amendments) 'Disclosure of Interests in Other Entities'	- Clarification of scope

There has been no impact on the numbers reported or to the disclosures as a result of the adoption of the amendments to these standards.

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
IFRS 9 (2014) 'Financial Instruments'	1 January 2018
IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
IAS 40 – 'Amendment to Clarify Transfers of Property to, or from, Investment Property'	1 January 2018
IFRS 16 'Leases'	1 January 2019

IFRS 9 (2014) – 'FINANCIAL INSTRUMENTS'

The group early adopted IFRS 9 (2013) in the financial year ended 30 June 2015. The changes to IFRS 9 (2014) relate to the impairment model, which is based on the premise of recognising expected credit losses and will apply to financial assets measured at amortised cost, fair value through other comprehensive income and loan commitments. The standard requires financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date to recognise 12-month expected credit losses, being the expected credit losses that result from default events that are possible within 12 months after the reporting date.

At 30 June 2018 the group held the following financial instruments that are in the scope of the impairment model: financial assets at amortised cost; cash and cash equivalents; and trade and other receivables (except prepayments). The group has assessed the potential impact resulting from the amendments and does not expect there to be any impact at this time as credit risk has not increased significantly since initial recognition and is assessed to be low, and no 12-month expected credit loss is likely. The group will adopt the new standard for the reporting period ending 30 June 2019.

IFRS 15 – 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

The standard applies to all contracts with customers except for: lease contracts, financial insurance contracts, financial instruments and non-monetary exchanges between entities in the same business.

The majority of the group's income is rental income from leases, which are in the scope of IAS 17 and will not be affected by the change in this standard.

The sale of certain assets will be affected by the change in the standard. The accounting treatment for these sales has been considered under the existing IAS 18 and IFRIC 15 as well as the new IFRS 15 standards. The same conclusions have been made. It has been concluded that revenue will be recognised over a period of time using the input method as the measure of progress – with the performance obligations being the sale of the land and the development of the building.

The group will adopt the new standard for the year ending 30 June 2019.

IAS 40 – AMENDMENT TO CLARIFY TRANSFERS OF PROPERTY TO, OR FROM, INVESTMENT PROPERTY

The amendment clarifies whether a property under construction or development that was previously classified as inventory could be transferred to investment property when there is evidence of a change in use.

The group has assessed the impact of adopting the amendment to IAS 40 in respect of transfer to and from investment property and does not expect any impact.

The group will adopt the new amendment for the year ending 30 June 2019.

IFRS 16 – 'LEASES'

The standard applies to all lease contracts. The changes require lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, substantially unchanged from IAS 17.

The group has a number of small leases in the scope of the new standard which are required to be recognised as right-of-use assets with corresponding lease liabilities in the group's statement of financial position. The impact is deemed to be immaterial.

The group will adopt the new standard for the year ending 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

4. 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 terms 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.

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

DERECOGNITION OF FINANCIAL ASSETS

The group derecognises a financial asset when the contractual terms of the asset expire.

IMPAIRMENT

A financial asset measured at amortised cost 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.

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 as either a direct impairment against the financial asset or in the case of trade and other receivables, 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 THROUGH PROFIT OR LOSS

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 fair value at the 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.

ii. FINANCIAL LIABILITIES

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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 through profit or loss.

These financial liabilities are initially recognised at fair value less any directly attributable transaction costs. 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, for example 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.

EMPLOYEE COSTS

Employee benefits comprise the total costs of employment to the group, mainly consisting of; salary, annual leave, employment taxes, 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.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

5. 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.

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

Turnover rent is contingent on the underlying performance of the tenant, as such it is recognised as incurred.

DISCLOSURE

Euro	Year ended 30 June 2018	Year ended 30 June 2017
Rental income	35,461,317	25,322,178
Turnover rent	1,991,196	1,710,060
	37,452,513	**27,032,238**

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 2018	Year ended 30 June 2017
Edeka MIHA AG	5,837,967	5,316,024

The future aggregate minimum rental receivable under non-cancellable operating leases, excluding turnover based and contingent rent is as follows:

Euro	As at 30 June 2018	As at 30 June 2017
No later than 1 year	39,501,963	34,403,438
Greater than 1 year and less than 5 years	135,874,939	116,200,143
Greater than 5 years	182,238,453	190,513,803
	357,615,355	**341,117,384**

6. PROFIT ON SALES OF INVENTORY PROPERTY

ACCOUNTING POLICY

When the group enters into a contract to sell completed property, revenue is recognised when the significant risks and rewards of ownership are transferred from the group. Where the terms of the contract represent a continuous transfer of work in progress to the purchaser, revenue is recognised using the percentage of completion method as work progresses. Continuous transfer of work in progress is applied when:

- the land on which the property is being developed is owned by the purchaser;
- the buyer carries the risks and rewards of the incomplete property; and
- when the buyer cannot put the incomplete property back to the group.

The percentage of work completed is estimated based on the costs incurred to the end of the reporting period as a proportion of total costs expected to be incurred.

DISCLOSURE

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Sales of inventory property		26,020,940	–
Cost of sales of inventory property	18	(21,704,016)	–
	22	**4,316,924**	**–**

During the period a total profit of €4,316,924 in relation to inventory property was recognised, which derives from the pre-let agreement and disposal of land agreement for the office component of the New Waverley development, refer to note 18.

7. SERVICE CHARGE INCOME AND OTHER RECOVERIES

ACCOUNTING POLICY

The group's service charge income and other recoveries include service charges received under operating leases and income for the recovery of direct expenses paid by the group. The income is recognised in profit or loss in the period in which it is earned and incurred.

DISCLOSURE

Euro	Year ended 30 June 2018	Year ended 30 June 2017
Service charge income	5,711,794	4,136,662
Other recoverable expenses	242,254	413,528
	5,954,048	**4,550,190**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

8. SERVICE CHARGE AND OTHER PROPERTY OPERATING EXPENSES

ACCOUNTING POLICY

Service charge and other property operating expenses are expenses which are incurred in relation to the properties held by the group. These expenses comprise of direct expenses in relation to income-generating properties and indirect expenses in relation to development properties and land bank. These expenses are recognised in profit or loss in the period in which they are incurred.

Employee costs which relate to the operating of investment properties are also recognised in property operating expenses to the extent that they relate to income-generating property. They are capitalised where they relate to development property.

DISCLOSURE

Euro	Year ended 30 June 2018	Year ended 30 June 2017
Property expenses	4,291,513	4,153,918
Building repairs and maintenance	1,773,243	1,371,218
Management expense	2,619,665	1,048,072
Marketing fees	827,768	138,207
Insurance expense	627,121	499,458
Legal fees	587,102	272,005
Other expenses	347,106	115,158
	11,073,518	**7,598,036**

9. INVESTMENT EXPENSES

ACCOUNTING POLICY

Investment expenses relate to expenses incurred in the process of acquiring investment property and listed real estate equity securities that cannot be capitalised. These expenses are recognised in profit or loss in the period in which they are incurred.

Euro	Year ended 30 June 2018	Year ended 30 June 2017
Transaction fees on investment property	1,216,370	281,061
Transaction fees on listed real estate equity securities	759,726	–
	1,976,096	**281,061**

10. 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, refer to note 17.

FAIR VALUE ADJUSTMENTS ON INVESTMENT PROPERTY HELD FOR SALE

Investment property held for sale is measured at fair value at the reporting date under IAS 40 and changes therein are recognised within fair value adjustments in profit or loss in the period in which they occur, refer to note 23.

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, refer to note 19.

FAIR VALUE ADJUSTMENTS ON FINANCIAL LIABILITIES

Financial liabilities 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, refer to note 30.

FAIR VALUE ADJUSTMENTS ON FINANCIAL ASSETS

Financial assets 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, refer to note 29.

DISCLOSURE

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Fair value adjustments			
(Loss)/gain on fair value of investment property		(721,387)	36,763,196
Gain on fair value of investment property held for sale		2,766,206	786,795
Loss on fair value of financial investments		(16,504,952)	(4,569,026)
Gain on fair value of financial assets		350,585	—
Loss on fair value of financial liabilities		(1,690,579)	(7,388,675)
	22	**(15,800,127)**	**25,592,290**
Detailed as follows:			
Change in fair value of investment property			
Income-generating	17	13,439,408	19,437,659
Development	17	(4,559,691)	17,325,537
Land bank	17	(9,601,104)	—
		(721,387)	**36,763,196**
Change in fair value of investment property held for sale			
Investment property held for sale	23	2,766,206	786,795
		2,766,206	**786,795**
Change in fair value of financial investments			
Listed real estate equity securities	19	(16,504,952)	—
Sirius Real Estate Limited	19	—	(4,569,026)
		(16,504,952)	**(4,569,026)**
Change in fair value of financial assets			
Interest rate swaps	29	350,585	—
		350,585	**—**
Change in fair value of financial liabilities			
Interest rate swaps	30	(123,226)	769,594
Development management fee	30	(682,956)	(1,885,457)
Priority participating profit dividend	30	(884,397)	(6,272,812)
		(1,690,579)	**(7,388,675)**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

11. OTHER INCOME

ACCOUNTING POLICY

Other income includes dividend income from financial investments. Dividend income is recognised in profit or loss on the date on which the group's right to receive payment is established.

DISCLOSURE

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Dividend income earned on financial investments	19	8,423,423	–
Other		161,609	–
		8,585,032	**–**

12. CORPORATE EXPENSES

ACCOUNTING POLICY

Corporate expenses are expenses incurred that are not directly related to property. These expenses are recognised in profit or loss in the period in which they are incurred.

DISCLOSURE

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Employee costs		2,526,935	1,759,997
Office and administration expenses		1,288,761	1,018,974
Legal and professional		374,986	175,199
Audit and accounting fees		352,282	171,139
Investor communications		176,886	226,385
Listing fees		127,097	118,651
Depreciation	22	100,026	27,864
		4,946,973	**3,498,209**

13. FOREIGN CURRENCY EXCHANGE DIFFERENCES

ACCOUNTING POLICY

Transactions in foreign currencies are translated into the presentation 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 presentation currency at the rates prevailing at that date.

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

Foreign currency differences are recognised in profit or loss.

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

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

DISCLOSURE

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Foreign currency exchange differences	22	**1,020,787**	**4,684,895**

The group has loans between group entities which are eliminated on consolidation. The translation differences arising on these intra-group loans are not eliminated and are recognised in profit or loss because they are not deemed to form part of the 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 translation difference recognised in profit or loss of the foreign operation. However, there is a translation difference recognised in profit or loss of the group entity with a euro functional currency. A translation difference 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 presentation 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, translation differences arise predominantly from the intra-group loans to foreign operations.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

14. FINANCE INCOME AND FINANCE COSTS

ACCOUNTING POLICY

Finance income and finance costs include the following:
- Interest income from financial assets held at amortised cost; and
- Interest expense from financial liabilities held at amortised cost

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

DISCLOSURE

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Finance income			
Interest earned on preference shares	29	7,514,384	1,134,245
Amortisation of capital contribution – asset	29	456,951	—
Interest earned on bank deposits		4,223	72,951
	22	**7,975,558**	**1,207,196**
Finance costs			
Interest on interest bearing borrowings	28	(4,771,171)	(2,231,667)
Amortisation of capital contribution – liability	30	(456,951)	—
Interest incurred on bank deposits		(332,222)	(6,830)
	22	**(5,560,344)**	**(2,238,497)**

The group received €3,607,084 (2017: €72,951) of finance income during the reporting period. The amount relates to €3,602,861 (2017: €nil) of finance income received from operating activities and €4,223 (2017: €72,951) of finance income received from investing activities.

The group paid €4,767,324 (2017: €2,477,746) of finance costs during the reporting period. The amount relates to €332,222 (2017: €6,830) of finance costs paid from investing activities and €4,435,102 (2017: €2,407,916) of finance costs paid from financing activities.

15. TAX

ACCOUNTING POLICY

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

CURRENT TAX

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

DEFERRED TAX

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

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

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. For purposes of calculating deferred tax on investment property there is a rebuttable presumption that the carrying amount is realised through sale.

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

DISCLOSURE

CURRENT TAX

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

The group's taxation includes the following:

Euro	Year ended 30 June 2018	Year ended 30 June 2017
Current tax	5,556,002	1,741,449
Deferred tax expense	1,311,385	3,942,153
Tax expense	**6,867,387**	**5,683,602**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

15. TAX (CONTINUED)

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

	Year ended 30 June 2018		**Year ended 30 June 2017**	
	Applicable rate (%)	**Tax Euro**	**Applicable rate (%)**	**Tax Euro**
Income tax				
UK – income tax	20.0	779,132	20.0	420,835
UK – corporation tax	19.0	2,394,030	19.0	—
Germany	15.8	210,255	15.8	623,902
Poland	19.0	66,792	19.0	194,812
Switzerland	26.8	23,683	26.8	—
Netherlands	20.0	25,689	20.0	—
Withholding tax				
Poland	5.0	(281,974)	5.0	448,612
UK	20.0	144,982	20.0	—
France	30.0	2,174,252	30.0	—
Sweden	15.0	55,170	15.0	—
Wealth tax				
Switzerland	0.2	19,490	0.2	5,944
Luxembourg	0.5	(55,499)	0.5	47,344
		5,556,002		**1,741,449**

The UK corporation tax relates to the following sales at New Waverley, refer to note 18:

- Tax on disposal of office land of €1,581,195.
- Tax on sale of inventory property of €812,835.

The group paid €4,976,261 (2017: €1,066,198) in total tax during the reporting period. The amount relates to €3,434,495 (2017: €1,066,198) for tax paid on operating activities and €1,541,766 (2017: €nil) for tax paid on investing activities.

RECONCILIATION OF DEFERRED TAX:

Euro	**Year ended 30 June 2018**	**Year ended 30 June 2017**
Net deferred tax liability brought forward	**4,240,319**	**521,449**
Current year deferred tax movement	1,311,385	3,942,153
Acquisition of subsidiary – deferred tax asset	—	380,711
Disposal of investment property	—	(178,924)
Foreign currency translation difference in OCI	(19,510)	(425,070)
Net deferred tax liability carried forward	**5,532,194**	**4,240,319**

The net deferred tax liability is split as follows:

Euro	**As at 30 June 2018**	**As at 30 June 2017**
Deferred tax asset	607,179	758,055
Deferred tax liability	(6,139,373)	(4,998,374)
Net deferred tax liability	**(5,532,194)**	**(4,240,319)**

The group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

RECONCILIATION OF EFFECTIVE TAX RATE

	Year ended 30 June 2018		Year ended 30 June 2017	
	%	**Euro**	**%**	**Euro**
Profit before tax		**26,200,809**		**40,259,613**
Tax using the company's domestic rate	0.0	—	0.0	—
Effect of tax rates in foreign jurisdictions	(22.5)	(5,894,358)	(4.3)	(1,741,449)
Over provision in respect of prior years	1.3	338,356	0.0	—
Current tax	**(21.2)**	**(5,556,002)**	**(4.3)**	**(1,741,449)**
Change in recognised deductible temporary differences				
Revaluation of investment property	1.9	488,574	(9.4)	(3,767,882)
Other temporary differences	(6.9)	(1,799,959)	(0.4)	(174,271)
Deferred tax expense	**(5.0)**	**(1,311,385)**	**(9.8)**	**(3,942,153)**
Net tax expense	**(26.2)**	**(6,867,387)**	**(14.1)**	**(5,683,602)**

The Isle of Man domestic tax rate of 0% was considered the most meaningful rate on the basis that the profits are earned across several jurisdictions and none of those jurisdictions dominates the group's portfolio.

The other temporary differences relate to timing differences between the tax base and the carrying amount of the assets due to depreciation allowable for tax purposes and unused tax losses.

There has been no change in the applicable tax rates. The primary reason for the increase in the effective tax rate from 14.1% to 26.2% is as a result of changes in the geographical mix of profits.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

16. INTANGIBLE ASSETS

ACCOUNTING POLICY

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to 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 or CGU.

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

Other intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. They are amortised on a straight-line basis over a useful life of 10 years.

DISCLOSURE

Euro	**As at 30 June 2018**	**As at 30 June 2017**
Goodwill	22,292,997	23,744,836
Other intangible assets	299,496	222,519
	22,592,493	**23,967,355**

GOODWILL

Euro	**MAS Prop**	**New Waverley**	**Total**
Balance at 30 June 2016	**23,901,016**	**1,361,802**	**25,262,818**
Foreign currency translation difference in OCI	(1,436,155)	(81,827)	**(1,517,982)**
Balance at 30 June 2017	**22,464,861**	**1,279,975**	**23,744,836**
Foreign currency translation difference in OCI	(171,864)	(5,629)	**(177,493)**
Impairment	–	(1,274,346)	**(1,274,346)**
Balance at 30 June 2018	**22,292,997**	**–**	**22,292,997**

NEW WAVERLEY

The initial goodwill arising on New Waverley was allocated to the New Waverley development CGU and represented a portion of the estimated future value above the carrying amount of the New Waverley development. At acquisition the fair value of the New Waverley development could not be reliably determined. Accordingly, it was carried at cost. As construction progressed and a fair value became reliably determinable, the group measured the investment property in the New Waverley development CGU at fair value.

An impairment test was performed at 31 December 2017, as a result of the group fair valuing the investment property in the New Waverley development CGU. The carrying amount of the CGU, which included the goodwill, exceeded its recoverable amount, which resulted in all the goodwill attributable to the CGU being impaired.

An impairment of €1,274,346 (2017: €nil) was recognised as a result of the group's impairment test of the New Waverley goodwill.

The recoverable amount of the New Waverley goodwill was calculated using the fair value less costs to sell of the New Waverley business and is classified as level 3 in the fair value hierarchy. The majority of New Waverley net assets comprise investment property and investment property held for sale. The valuation techniques have been disclosed in note 17.

MAS PROP

No impairment loss was recognised as a result of the group's annual impairment test of goodwill in relation to MAS Prop (2017: €nil).

The recoverable amount of the MAS Prop CGU was based on the value in use, using a discounted cash flow methodology. Under the investment advisory agreement MAS Prop is entitled to a fee based upon the net asset value of the group. As a result of the significant growth in the group's net asset value, the cash flows over the remaining forecast period are substantially in excess of those originally forecast at the time of acquisition. Consequently, the value in use of the MAS Prop CGU is significantly higher than the carrying value of goodwill.

All cash flows in the value in use calculation were forecast for a period of 6 years (2017: 7 years) which is more than a 5 year projection as the cash flow forecasts are prepared for the remaining term of the pre-existing investment advisory agreement. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience adjusted for anticipated net asset growth of the group and increases in operating expenses.

The following key assumptions were used to estimate value in use calculations as follows:

Inputs	**As at 30 June 2018**	**As at 30 June 2017**
Pre-tax discount rate	6.49%	6.44%
Annual increase in revenue	2.00% – 3.00%	7.00% – 9.00%
Annual increase in operating expenses	2.00% – 4.00%	4.00% – 6.00%
Budgeted period	6 years	7 years

The key assumptions were derived from the following:

PRE-TAX DISCOUNT RATE

Derived from the weighted average cost of capital of MAS Prop.

ANNUAL INCREASE IN REVENUE

Derived from the operating budgets of MAS Prop.

ANNUAL INCREASE IN OPERATING EXPENSES

Derived from the operating budgets of MAS Prop.

BUDGETED PERIOD

Derived from the remaining term of the pre-existing investment advisory agreement.

No cash flows have been assumed beyond the budgeted period, and accordingly no growth is assumed beyond the forecast period. Management has determined that a reasonably possible change to the key assumptions would not result in an impairment.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

17. 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 and property which has a currently undetermined use.

Investment property is treated as a long-term investment and is initially recognised at cost (including related transaction costs unless acquired as part of a business combination). It is subsequently measured at fair value, with any changes therein recognised in profit or loss. Subsequent expenditure that produces future economic benefit to the group is capitalised.

Fair value is based on a number of assumptions and inputs utilising the below methods;

- *The market approach* is based on comparing the subject asset with identical or similar assets for which price information is available, such as a comparison with market transactions in the same, or closely similar, type of asset within an appropriate time horizon.
- *The income approach* is based on capitalisation or conversion of present and predicted income (cash flows), which may take a number of different forms, to produce a single current capital value. Among the forms taken, capitalisation of a conventional market-based income or discounting of a specific income projection can both be considered appropriate depending on the type of asset and whether such an approach would be adopted by market participants.
- *The cost approach* is based on the economic principle that a purchaser will pay no more for an asset than the cost to obtain one of equal utility whether by purchase or construction.

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 can be reliably determined. 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 a value in use calculation, because the fair value less costs to sell cannot be reliably determined. 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 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.

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	Residential developments and land plots held for schemes that have not yet commenced.

	As at 30 June 2018			**As at 30 June 2017**		
Euro	**Fair value**	**Cost**	**Total**	**Fair value**	**Cost**	**Total**
Income-generating property	546,238,139	—	**546,238,139**	494,519,173	—	**494,519,173**
Development property	—	—	**—**	26,413,036	3,668,759	**30,081,795**
Land bank	32,974,206	—	**32,974,206**	—	39,690,960	**39,690,960**
	579,212,345	**—**	**579,212,345**	**520,932,209**	**43,359,719**	**564,291,928**

As at 30 June 2018

Euro	Note	Income-generating	Development	Land bank	Total
Opening balance		**494,519,173**	**30,081,795**	**39,690,960**	**564,291,928**
Property acquisitions		80,123,500	—	—	**80,123,500**
Property disposals		—	(24,057,746)	—	**(24,057,746)**
Transfers			(3,434,151)	3,434,151	**—**
Capitalised expenditure		2,890,738	2,954,116	7,322,307	**13,167,161**
Capitalised interest on general borrowings	28,18	—	—	569,031	**569,031**
Transfer to investment property held for sale	23	(43,082,065)	—	(8,246,692)	**(51,328,757)**
Transfer to inventory property	18	—	(1,078,030)	—	**(1,078,030)**
Fair value adjustment	10	13,439,408	(4,559,691)	(9,601,104)	**(721,387)**
Foreign currency translation difference		(1,652,615)	93,707	(194,447)	**(1,753,355)**
Closing balance		**546,238,139**	**—**	**32,974,206**	**579,212,345**

As at 30 June 2017

Euro	Note	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 acquired in business combinations		61,330,722	—	—	**61,330,722**
Capitalised acquisition costs		3,993,439	—	—	**3,993,439**
Property disposals		(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	28	—	447,749	121,549	**569,298**
Transfer to investment property held for sale	23	(2,180,000)	(115,378)	—	**(2,295,378)**
Fair value adjustment	10	19,437,659	17,325,537	—	**36,763,196**
Foreign currency translation difference		(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**

ACQUISITIONS

On 3 May 2018 the group acquired the entire issued share capital of New Uberior House Limited, which owns two adjoining commercial buildings known as Princes Exchange and New Uberior House in Edinburgh, United Kingdom. The acquisition price was €80,123,500 but the group paid €79,650,439 as the group retained €473,061, which will be released to the vendor conditional upon future rent reviews, refer to note 30. The fair value of the net assets acquired at acquisition were: Investment property €80,123,500; trade and other receivables €141,030; cash and cash equivalents €1,502,600; and trade payables €2,223,955. The acquisition was not accounted for as a business combination as the group did not acquire the strategic management of New Uberior House Limited.

INTEREST-BEARING BORROWINGS

Bank borrowings of €242,713,107 (2017: €147,213,397) are secured against investment property, refer to note 28. The group has designated bank borrowings drawn down in the period of €104,067,925 as general borrowings (2017: €111,657,786). During the reporting period interest costs on general borrowings of €570,385 (2017: €569,298), refer to note 28, have been capitalised and are included within land bank and inventory property, refer to note 18.

CAPITAL COMMITMENTS

The group has capital commitments of €64,866,015 (2017: €78,840,105) in respect of capital expenditures contracted for at the reporting date, refer to note 39. In addition, €118,800,000 has been committed for the purchase of investment property after the reporting date, refer to note 39.

RELATED PARTIES

The group has a development management arrangement with New Waverley Advisers, a related party, for the development and construction of the New Waverley site in Edinburgh. A cumulative development management fee of €4,701,505 (2017: €4,052,171) and priority participating dividend of €6,912,756 (2017: €6,078,256) have been recognised in relation to the New Waverley development, refer to note 30.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

17. INVESTMENT PROPERTY (CONTINUED)

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 or, where relevant, firm offers from market participants. 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 80.

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. The reports are then passed to the Portfolio Management Committee and Investment Committee for approval. Lastly, the investment property valuations are reviewed by the Audit and Risk Committee prior to the finalisation of the financial statements.

FAIR VALUE HIERARCHY

The fair value measurement of all of 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 technique used.

As at 30 June 2018		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Income-generating property	546,238,139	—	—	546,238,139
Land bank	32,974,206	—	—	32,974,206
	579,212,345	**—**	**—**	**579,212,345**

As at 30 June 2017		**Fair value**		
Euro	**Carrying amount**	**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**

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.

As at 30 June 2018

Investment property type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income-generating property	*Discounted cash flows:* 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.	• Risk adjusted discount rates • Estimated rental value • Net rental growth • Reversionary discount rate	The estimated fair value would increase/(decrease) if: • 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)
	Purchase price: The valuation model takes into account the recent acquisition price no earlier than three months before the reporting date, equivalent to the amount a third party would be willing to pay.	• Purchase price	The estimated fair value would increase/(decrease) if: • The number of the interested parties was higher/(lower) and/or, • the availability of comparable properties was lower/(higher), thus altering the acquisition price
Land bank	*Firm offers less costs to complete:* Fair value is based on the amount a third party is willing to pay less any costs to complete.	• Firm offer • Cost to complete	The estimated fair value would increase/(decrease) if: • The number of the interested parties was higher/(lower) and/or • the availability of comparable properties was lower/(higher), thus altering the offer price • The budgeted costs to complete was lower/(higher)
	Residual value method: The valuation model considers the gross development value of the property based on an independent view of market values for the completed development less any costs to complete.	• Cost to complete • Residential unit prices • Valuation yield • Funding yield	The estimated fair value would increase/(decrease) if: • The budgeted cost to complete was lower/(higher) and/or • the residential unit prices was higher/(lower),

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

17. INVESTMENT PROPERTY (CONTINUED)

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	*Discounted cash flows:* 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.	• Risk adjusted discount rates • Estimated rental value • Net rental growth • Reversionary discount rate	The estimated fair value would increase/(decrease) if: • 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)
	Capitalisation rate: 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.	• Capitalisation rate • Market rent	The estimated fair value would increase/(decrease) if: • the capitalisation rate was lower/(higher) • the passing rent was higher/ (lower) • the market rent was higher/ (lower)
Development property	*Firm offers:* The valuation model takes into account the amount a third party is willing to pay.	• Firm offer	The estimated fair value would increase/(decrease) if: • The number of the interested parties was higher/(lower) and or, the availability of comparable properties lower/ (higher), thus altering the offer price

FAIR VALUE SENSITIVITY ANALYSIS

As at 30 June 2018

INCOME-GENERATING PROPERTY

Significant unobservable inputs

Technique	Valuation	Discount rate			Net rental growth			Reversionary discount rate			Estimated rental value		
			Sensitivity			Sensitivity			Sensitivity			Sensitivity	
		Input			Input	Change	Valuation	Input	Change	Valuation	Input p.a.	Change	Valuation
DCF	€466,114,639	4.50%-11.75%	0.5%	€441,185,461	1%-2%	2.5%	€499,013,575	5.25%-9.50%	0.5%	€449,480,278	€34,178,897	10%	€492,645,582
			-0.5%	€489,817,223		-2.5%	€442,139,843		-0.5%	€519,673,413		-10%	€437,771,688

Technique	Valuation	Purchase price		
			Sensitivity	
		Input	Change	Valuation
Purchase price	€80,123,499	€80,123,499	5%	€84,129,674
				€76,117,324
	€546,238,139			

LAND BANK

Technique	Valuation	Firm offer			Costs to complete		
			Sensitivity			Sensitivity	
		Input	Change	Valuation	Input	Change	Valuation
Firm offers less costs to complete	€32,974,206	€38,094,775	5%	€34,878,944	(€5,120,569)	5%	€32,718,177
			-5%	€31,069,467		-5%	€33,230,234

As at 30 June 2017

INCOME-GENERATING PROPERTY

Significant unobservable inputs

Technique	Valuation	Discount rate			Net rental growth			Reversionary discount rate			Estimated Rental Value		
			Sensitivity			Sensitivity			Sensitivity			Sensitivity	
		Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input p.a	Change	Valuation
DCF[1]	€417,844,894	4.75%-12.00%	0.50%	€405,583,114	1.%-6.75%	2.50%	€433,652,067	4.42%-9%	0.50%	€394,024,086	31,461,564	10.00%	€444,161,124
			-0.50%	€444,334,644		-2.50%	€414,046,319		-0.50%	€418,742,092		-10.00%	€401,386,474

Technique	Valuation	Capitalisation rate		
			Sensitivity	
		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

Technique	Valuation	Market offer		
			Sensitivity	
		Input	Change	Valuation
Market transaction	€26,413,036	€26,413,036	5%	€27,733,687
			-5%	€25,092,384

[1] DCF less costs to complete

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

18. INVENTORY PROPERTY

ACCOUNTING POLICY

Inventory property is measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale. The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition.

DISCLOSURE

Euro	Note	As at 30 June 2018	As at 30 June 2017
Opening balance		**–**	**–**
Development expenditure		21,918,133	–
Disposals (recognised in cost of sales of inventory property)	6	(21,704,016)	–
Transfer from investment property	17	1,078,030	–
General borrowings capitalised	28	1,354	–
Closing balance		**1,293,501**	**–**

On 13 July 2017 the group entered into a lease with the UK Government ("the Pre-let Agreement") for the office component of the New Waverley development in Edinburgh, Scotland ("the Pre-let Office"). The Pre-let Agreement encompasses a lease with a UK Government guarantee, for a term of 25 years commencing upon practical completion of the development.

Under the terms of the Pre-let Agreement, the group is obligated to pay £21,593,520 (approx. €24,368,287) for the office fit-out when the UK Government takes occupation of the Pre-let Office. This is referred to as the capital contribution to the UK Government in relation to the office fit-out ("capital contribution"). The group is also committed to granting the UK Government a rent-free period of 7 months.

On 17 October 2017, the group entered into an agreement to dispose of the office land at New Waverley to Legal & General ("Disposal of Land") and to develop the Pre-let Office on a forward-sold basis for Legal & General ("the Forward Funding Agreement"). In terms of the Forward Funding Agreement, the group has sold the rights and obligations of the Pre-let Agreement to Legal & General. Therefore, Legal & General has acquired the land, the Pre-let Agreement and the obligations for the rent-free period and the capital commitment from MAS and appointed MAS to develop the Pre-let Office under the Forward Funding Agreement. The Forward Funding Agreement provides for funds to be drawn down by the group, as developer, from Legal & General against development costs incurred. The group received £20,841,671 (€23,490,647) for the sale of the office land.

The amounts relating to the rent-free period and the capital contribution are included in the development costs and are funded by Legal & General under the Forward Funding Agreement subject to there being sufficient developer profits. Accordingly, the group has recognised:

- a financial liability of €24,507,316 due to the UK Government in respect of the capital contribution, refer to note 30; and a financial asset of €24,507,316 due from Legal & General in respect of the capital contribution, refer to note 29. The financial liability and financial asset have not been offset because the offsetting criteria in IAS 32 – Financial Instruments: Presentation, have not been met.
- a financial liability due to Legal & General in respect of the reimbursement of a pre-negotiated lease incentive, payable to the purchaser; and financial asset due from Legal & General in respect of the reimbursement. The financial liability and a financial asset have been offset because the offsetting criteria in 'IAS 32 – Financial Instruments: Presentation' have been met. The group expects to settle these financial instruments on a net basis under the terms of the Forward Funding Agreement.

The financial assets and financial liabilities referred to above have been discounted at a market related interest rate as they are only due upon practical completion. This has resulted in the recognition of finance income and finance expense as the amortisation of the capital contribution on financial assets and financial liabilities respectively, refer to note 14.

Although the Forward Funding Agreement is not a typical construction contract, the legal terms are such that the development project undertaken by the group on behalf of Legal & General represents a continuous transfer of work in progress to Legal & General. Accordingly, this aspect of the accounting for the Forward Funding Agreement has been determined by applying IAS 11 by analogy even though the contract is not part of the normal operations of the group. Income is recognised based on the stage of completion. The stage of completion is determined based on the proportion that costs incurred to date bear to the estimated total costs of the transaction. Development expenditure incurred in respect of inventory property is recognised in profit or loss and classified as cost of sales of inventory property.

Included in the development costs in the Forward Funding Agreement is the land and buildings transaction tax ("LBTT") on the office land sale. The group is obliged to settle these costs with Legal & General on practical completion and may use the funding provided by Legal & General to do so, subject to there being sufficient developer profits. The financial liabilities due to Legal & General in respect of the LBTT have been offset by the financial asset due from Legal & General in respect of the funding available under the Forward Funding Agreement. The group expects to settle these financial instruments on a net basis under the terms of the Forward Funding Agreement.

19. FINANCIAL INVESTMENTS

ACCOUNTING POLICY

Refer to note 4 for the group's general accounting policy for financial instruments.

DISCLOSURE

Financial investments have been classified as fair value through profit or loss under IFRS 9. Accordingly, they are measured at fair value at the reporting date with changes in fair value recognised in profit or loss.

	As at 30 June 2018		
Financial investment	**Share price (Euro)**	**Number of shares**	**Fair value (Euro)**
Eurocommercial Properties NV	36.36	497,333	18,083,028
Unibail – Rodamco Westfield SE	188.55	264,618	49,893,724
British Land Company PLC	7.60	1,625,000	12,350,045
Covivio SA	89.10	150,300	13,391,730
Hufvudstaden AB	12.28	1,083,000	13,295,975
Klepierre SA	32.25	1,626,364	52,450,239
Land Securities Group PLC	10.82	1,115,000	12,063,076
Mercialys SA	14.91	772,934	11,524,446
			183,052,263

There were no financial investments held as at 30 June 2017.

On 21 November 2017 the group invested in a portfolio of listed real estate equity securities in order to generate a return on euro deposits awaiting investment into new acquisition opportunities and avoid negative interest on euro cash deposits.

RECONCILIATION OF FINANCIAL INVESTMENTS AT FAIR VALUE

As at 30 June 2018

Euro	**Note**	**As at 30 June 2018**	**As at 30 June 2017**
Opening balance		—	51,614,068
Purchases		199,557,215	—
Disposal		—	(47,045,042)
Fair value adjustment	10	(16,504,952)	(4,569,026)
Closing balance		**183,052,263**	**—**

During the year dividend income of €8,423,423 (2017: €nil) was received and €8,423,423 (2017: €nil) was recognised as other income, refer to note 11.

The financial instrument and fair value disclosures are in notes 33 and 34.

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 2018

		Fair value		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Listed real estate equity securities	183,052,263	183,052,263	—	—
	183,052,263	**183,052,263**	**—**	**—**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

20. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

ACCOUNTING POLICY

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

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

The group's share of interest charge by the group to the associate and capitalised against qualifying assets that are not subsequently measured at fair value in the equity accounted investee is deducted from its share of earnings in the equity accounted investee.

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

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

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

Euro	As at 30 June 2018	As at 30 June 2017
PKM Developments	**23,774,222**	**20,205,297**

RECONCILIATION OF INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Euro	As at 30 June 2018	As at 30 June 2017
Opening balance	**20,205,297**	**19,991,716**
Share of profit, net of tax	3,568,925	178,397
	23,774,222	**20,170,113**
Capitalised acquisition costs	—	35,184
Closing balance	**23,774,222**	**20,205,297**

The group has an investment in PKM Developments Limited, a development property group which develops investment property predominately in Romania and other central and eastern European countries. PKM Developments 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 Developments are owned by Prime Kapital, who acts as the developer.

In addition to the investment in the ordinary shares, and the investment in PKM Developments 7.5% preference shares, the group intends to fund up to a further €250,000,000 over 3 years through the investment in additional 7.5% preference shares to be issued by PKM Developments, refer to note 39. The preference shares issued by PKM Developments are not considered to be part of the long-term interest that the group has in PKM Developments.

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

Euro	As at 30 June 2018	As at 30 June 2017
Statement of financial position – PKM Developments		
Non-current assets	138,511,061	48,139,879
Current assets	41,864,316	105,905,277
Total assets	**180,375,377**	**154,045,156**
Non-current liabilities	109,468,016	101,134,247
Current liabilities	9,311,602	2,544,687
Total liabilities	**118,779,618**	**103,678,934**
Net assets	**61,595,759**	**50,366,222**
Percentage ownership interest	40%	40%
Un-adjusted group share of net assets	**24,638,304**	**20,146,489**
Elimination of preference share interest capitalised on qualifying assets carried at cost	(922,890)	—
Net assets attributable to the group	**23,715,414**	**20,146,489**
Capitalised costs	58,808	58,808
Carrying amount	**23,774,222**	**20,205,297**

Euro	Year ended 30 June 2018	Year ended 30 June 2017
Statement of profit or loss and other comprehensive income – PKM Developments		
Revenue	2,258,220	2,009
Fair value adjustments	16,372,691	—
Other income	2,128	284,363
Corporate expenses	(719,216)	(131,992)
Investment expenses	(2,601,061)	(1,235)
Finance income	144,260	190,867
Finance costs	(36,808)	(13,739)
Translation differences	(31,399)	115,719
Tax expense	(4,159,274)	—
Total profit	**11,229,541**	**445,992**
Percentage ownership interest	40%	40%
Total profit and other comprehensive income attributable to the group	**4,491,816**	**178,397**
Elimination of preference share interest capitalised on qualifying assets carried at cost	(922,891)	—
Group's share of profit	**3,568,925**	**178,397**

PKM Developments has no other comprehensive income.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

21. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

The group's trade and other receivables include financial instruments and non-financial instruments. The financial instruments are classified as financial assets at amortised cost. Refer to note 4 for the group's general accounting policy for financial instruments. The non-financial instruments include prepayments and VAT.

DISCLOSURE

Euro	**As at 30 June 2018**	**As at 30 June 2017**
Receivable from sale of inventory property	8,470,911	—
Receivables from lessees	4,384,629	4,964,146
VAT receivable	1,141,499	947,766
Prepayments	1,009,668	854,941
Other	799,070	940,235
Dividends receivable	322,240	—
Property retentions held in escrow	20,316	500,000
Collateral receivable	—	499,947
	16,148,333	**8,707,035**

The receivable from sale of inventory property relates to the New Waverley development and comprises €4,132,645 relating to development costs receivable under the Forward Funding Agreement, which has been paid post year end, and €4,338,266 relating to profit receivable under the Forward Funding Agreement, which will be paid on completion of the development, refer to note 18.

The financial instrument and fair value disclosures are in notes 33 and 34.

22. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

The group's cash and cash equivalents are financial instruments and are classified as financial assets at amortised cost. Refer to note 4 for the group's general accounting policy for financial instruments

DISCLOSURE

Euro	As at 30 June 2018	As at 30 June 2017
Bank balances	**147,825,624**	**33,017,502**

The financial instrument and fair value disclosures are in notes 33 and 34.

RECONCILIATION OF CASH GENERATED FROM OPERATING ACTIVITIES:

Euro	Note	Year ended 30 June 2018	Year ended 30 June 2017
Profit for the year		**19,333,422**	**34,576,011**
Adjustments for:			
Depreciation	12	100,026	27,864
Share-based payment expense		805,766	245,419
Fair value adjustments	10	15,800,127	(25,592,290)
Exchange differences	13	1,020,787	4,684,895
Finance income	14	(7,975,558)	(1,207,196)
Finance costs	14	5,560,344	2,238,497
Share of profit from equity accounted investees	20	(3,568,925)	(178,397)
Goodwill impairment	16	1,274,346	—
Tax expense	15	6,867,387	5,683,602
Profit on sales of inventory property	6	(4,316,924)	—
Cash generated from operating activities		**34,900,798**	**20,478,405**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

23. INVESTMENT PROPERTY HELD FOR SALE

ACCOUNTING POLICY

Investment property is classified as held for sale if it is highly probable that the carrying value of the property will be recovered primarily through its sale rather than through continuing use, and the following criteria are met:

- Management has intent and a plan to sell;
- The asset is available for immediate sale and an active programme to locate a buyer is initiated;
- The sale is highly probable, within 12 months of classification as held for sale;
- The asset is being actively marketed for a reasonable sale price in relation to its fair value; and
- Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

The measurement requirements of IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations', do not apply to investment property, as such investment property continues to be measured at fair value once transferred to investment property held for sale, in accordance with group's accounting policy for investment property.

DISCLOSURE

	As at 30 June 2018	As at 30 June 2017
United Kingdom		
- Hotel	42,528,044	1,137,200
- Retail	—	3,019,715
- Land bank	11,060,400	—
	53,588,444	**4,156,915**
Germany		
- Retail	—	2,180,000
	53,588,444	**6,336,915**

RECONCILIATION OF THE GROUP'S INVESTMENT PROPERTY HELD FOR SALE:

Euro	Note	As at 30 June 2018	As at 30 June 2017
Opening balance		**6,336,915**	**3,515,237**
Transfer from investment property	17	51,328,757	2,295,378
Disposals		(7,353,427)	—
Capitalised expenditure		1,149,597	—
Retention release		(275,000)	—
Fair value adjustment	10	2,766,206	786,795
Foreign currency translation difference		(364,604)	(260,495)
Closing balance		**53,588,444**	**6,336,915**

MEASUREMENT OF FAIR VALUES

FAIR VALUE HIERARCHY

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

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

The table in note 17 shows the valuation techniques used in measuring the fair value of investment property and investment property held for sale, as well as the significant unobservable inputs used.

24. SHARE CAPITAL AND GEARED SHARE PURCHASE PLAN SHARES (TREASURY 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.

The group's policy is to maintain a strong capital base to allow sustainable growth in the development of the group.

GEARED SHARE PURCHASE PLAN SHARES (TREASURY SHARES)

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 tax effects. When geared share 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:

	Share capital		Geared share purchase plan shares (treasury shares)		Total	
	Number of Shares	Euro	Number of shares	Euro	Number of Shares	Euro
Balance at 30 June 2016	**348,625,219**	**378,530,556**	**—**	**—**	**348,625,219**	**378,530,556**
Issued during the period						
- Issue of share capital	108,974,358	157,984,909	—	—	108,974,358	157,984,909
- Geared share purchase plan shares	12,850,000	21,056,010	(12,850,000)	(21,056,010)	—	—
- Distributions reinvested	9,766,722	13,251,523	—	—	9,766,722	13,251,523
	480,216,299	**570,822,998**	**(12,850,000)**	**(21,056,010)**	**467,366,299**	**549,766,988**
Distributed during the year						
- Scrip distributions	—	(13,266,725)	—	—	—	(13,266,725)
Balance at 30 June 2017	**480,216,299**	**557,556,273**	**(12,850,000)**	**(21,056,010)**	**467,366,299**	**536,500,263**
Issued during the period						
- Issue of share capital	160,299,409	279,917,834	—	—	160,299,409	279,917,834
- Distributions reinvested	9,828,090	15,918,376	—	—	9,828,090	15,918,376
- Shares forfeited and cancelled	(5,000,000)	(8,193,000)	5,000,000	8,193,000	—	—
	645,343,798	**845,199,483**	**(7,850,000)**	**(12,863,010)**	**637,493,798**	**832,336,473**
Distributed during the year						
- Scrip distributions	—	(15,949,084)	—	—	—	(15,949,084)
Balance at 30 June 2018	**645,343,798**	**829,250,399**	**(7,850,000)**	**(12,863,010)**	**637,493,798**	**816,387,389**

On 28 September 2017 the group issued 77,541,988 shares at an issue price of €1.63 (ZAR25.50) as part of an accelerated book build, raising cash of €125,926,058. On 6 December 2017 a further 82,757,421 shares were issued by the group at an issue price of €1.90 (ZAR31.00) as part of a further accelerated book build, raising cash of €154,764,328. The group incurred expenses of €772,552 in relation to shares issued during the period, which were offset against share capital.

In the prior year 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. 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. The group incurred expenses of €942,908 in relation to shares issued during the period, which were offset against share capital.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

24. SHARE CAPITAL AND GEARED SHARE PURCHASE PLAN SHARES (TREASURY SHARES)

GEARED SHARE PURCHASE PLAN SHARES

	As at 30 June 2018	As at 30 June 2017
Opening balance	**12,850,000**	**—**
Geared share purchase plan shares issued	—	12,850,000
Geared share purchase plan shares forfeited	(5,000,000)	—
Closing balance	**7,850,000**	**12,850,000**

On 15 June 2017 it was announced that Lukas Nakos, the former CEO, would be leaving the group. Lukas Nakos ceased to be a director on 31 December 2017, with a condition of his departure being his exit from the geared share purchase plan with no vesting of shares occurring, refer to note 32 for cancelled shares. On 24 April 2018, the group cancelled all of Lukas Nakos' 5,000,000 shares in relation to the geared share purchase plan. The shares were forfeited and cancelled in accordance with the terms of the rules of the MAS share purchase scheme.

Refer to note 36 for further information on the lump sum amount paid to Lukas Nakos.

Distributions on the geared share purchase plan shares are referred to in note 32.

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 2018

Euro	Scrip	Cash	Total	Distribution per share (euro cents)
11 November 2017	10,424,724	6,957,823	**17,382,547**	3.19
6 April 2018	5,524,360	17,169,809	**22,694,169**	3.58

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

The directors are pleased to propose a final distribution to shareholders of 4.03 euro cents per share (2017: 3.19 euro cents per share).

25. SHARE-BASED PAYMENT RESERVE

ACCOUNTING POLICY

Refer to note 32 for the accounting policy for share-based payment arrangements.

DISCLOSURE

Reconciliation of geared share purchase plan:

Euro	As at 30 June 2018	As at 30 June 2017
Opening balance	225,973	–
Recognised during the year	902,386	319,248
Non-forfeitable distribution	(96,620)	(93,275)
	805,766	**225,973**
Closing balance	**1,031,739**	**225,973**

SHARE BASED PAYMENT ARRANGEMENTS

The remaining term of the loans at 30 June 2018 was 8.69 years (2017: 9.69 years).

Refer to note 36 for further disclosures of the share-based payment expense included in key management compensation and directors' remuneration.

26. FOREIGN CURRENCY TRANSLATION RESERVE

ACCOUNTING POLICY

Refer to note 13 for the accounting policy for foreign currency translation reserve.

DISCLOSURE

The group recognised a foreign currency translation loss of €1,207,816 (2017: €5,371,692 loss) resulting in a foreign currency translation deficit at the reporting date of €11,768,119 (2017: €10,560,303 deficit).

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

27. NON-CONTROLLING INTEREST

ACCOUNTING POLICY

The group recognises the non-controlling interests in the net assets of consolidated subsidiaries separately from the group's interest, within equity. Profits or 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.

DISCLOSURE

Euro	As at 30 June 2018	As at 30 June 2017
Opening balance	**988,063**	**—**
Share of profit for the year	2,477,116	988,063
Distribution to NCI	(937,977)	—
Closing balance	**2,527,202**	**988,063**

The non-controlling interest relates to the participation by Prime Kapital in the co-investment venture entered into with the group. This co-investment arrangement is focused on investing in income-generating properties in CEE. Under the terms of the co-investment agreement, Prime Kapital's effective economic interest is equivalent to a 20% direct participation in the co-investment venture, less the interest cost on the participation funding that is provided by MAS. The effective interest on this participation funding is equivalent to the weighted average cost of external funding achieved by the co-investment venture.

During the period, Prime Kapital received a dividend of €937,977 (2017: €nil) in relation to its participation in the co-investment venture.

28. 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 4 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 2018	As at 30 June 2017
Non-current		
UK	50,650,037	30,284,516
German	108,187,711	103,478,073
Swiss	7,211,257	7,989,364
CEE	48,358,450	—
	214,407,455	**141,751,953**
Current		
UK	23,272,484	1,489,732
German	2,707,840	3,614,901
Swiss	337,116	356,811
CEE	1,988,212	—
	28,305,652	**5,461,444**
	242,713,107	**147,213,397**

The carrying value of interest-bearing borrowings approximates the fair value.

Included within current UK interest-bearing borrowing is €22,225,094 of debt which is associated with investment property classified as held for sale.

RECONCILIATION OF THE GROUP'S CARRYING AMOUNT OF INTEREST-BEARING BORROWINGS:

Euro	As at 30 June 2018	As at 30 June 2017
Opening balance	**147,213,397**	**44,578,595**
Changes from financing cash flows	90,850,997	99,919,704
Proceeds from interest-bearing borrowings	104,067,925	111,657,786
Transaction costs related to interest-bearing borrowings	(1,431,560)	(2,168,837)
Repayment of interest-bearing borrowings	(7,350,266)	(7,098,329)
Interest paid	(4,435,102)	(2,470,916)
Finance costs	5,341,556	2,800,965
Finance costs – expense	4,771,171	2,231,667
Finance costs – general borrowings capitalised	570,385	569,298
Foreign currency translation difference	(692,843)	(85,867)
Closing balance	**242,713,107**	**147,213,397**

Interest from general borrowings of €570,385 (2017: €569,298) was capitalised during the year at a capitalisation rate of 2.60% (2017: 2.65%).

The financial instrument and fair value disclosures are in notes 33 and 34.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

28. INTEREST-BEARING BORROWINGS (CONTINUED)

FIXED AND VARIABLE DEBT

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

Euro	As at 30 June 2018	As at 30 June 2017
Fixed/hedged debt	199,289,452	112,857,253
Floating rate debt	43,423,655	34,356,144
	242,713,107	**147,213,397**

SUMMARY OF INTEREST BEARING BORROWING TERMS AND COVENANTS

As at 30 June 2018

BORROWING TERMS

Jurisdiction	Currency	Weighted average remaining term of debt	Weighted average interest rate	Significant terms and conditions
UK				
- Floating/hedged debt	GBP	3.44 years	1.70% + 3M UK Libor[1]	- All loans were utilised to purchase properties or to invest in shares of property owning entities - Some loans have covenants as reported below - All loans are secured against specific properties
German				
- Fixed debt	EUR	7.09 years	1.87%	
Swiss				
- Hedged debt	CHF	7.00 years	1.29% + 3M Swiss Libor[1]	
CEE				
- Hedged debt	EUR	6.58 years	2.50%+12M Euro Libor[1]	

[1]The group has entered into interest rate swaps to hedge some of the group's exposure to the applicable Libor, refer to note 29 and 30 for further information.

As at 30 June 2017

BORROWING TERMS

Jurisdiction	Currency	Weighted average remaining term of debt	Weighted average interest rate	Significant terms and conditions
UK				
- Floating debt	GBP	3.83 years	2.00% + 3M UK Libor[2]	- All loans were utilised to purchase properties or to invest in shares of property owning entities - Some loans have covenants as reported below - All loans are secured against specific properties
German				
- Fixed debt	EUR	8.24 years	1.38%	
- Hedged debt	EUR	12.26 years	0.95% + 3M Euro Libor[2]	
Swiss				
- Hedged debt	CHF	8.01 years	1.29% + 3M Swiss Libor[2]	

[2]The group has entered into interest rate swaps to hedge some of the group's exposure to the applicable Libor, refer to note 29 and 30 for further information.

COVENANTS

The group was compliant with its loan covenants during the current and prior reporting periods.

29. FINANCIAL ASSETS

ACCOUNTING POLICY

The group's financial assets are classified as financial assets at amortised cost and financial assets at fair value through profit or loss. Refer to note 4 for the group's general accounting policy for financial instruments.

DISCLOSURE

Euro	Note	As at 30 June 2018	As at 30 June 2017
Non-current assets			
Preference shares – PKM Developments		105,045,768	101,134,245
Interest rate swap		349,224	—
		105,394,992	**101,134,245**
Current assets			
Forward currency contract		—	66,097
Capital contribution	18	24,507,316	—
		24,507,316	**66,097**
		129,902,308	**101,200,342**

PREFERENCE SHARES – PKM DEVELOPMENTS

In 2017, the group invested €100,000,000 to acquire 7.5% preference shares in PKM Developments. The preference share asset is held at amortised cost.

CAPITAL CONTRIBUTION

As described in note 18, a financial asset and corresponding financial liability have been recognised in respect of the capital contribution due from Legal & General, and due to the UK Government, under the terms of the Pre-Let Agreement. Both the financial asset and financial liability are held at amortised cost, refer to note 33.

INTEREST RATE SWAP

The group entered into an interest rate swap on 9 May 2018. The interest rate swap is held at fair value, with any changes in fair value recognised in profit or loss in the period in which it occurs.

RECONCILIATION OF THE GROUP'S FINANCIAL ASSETS HELD AT AMORTISED COST:

Euro	PKM Developments preference shares	Capital contribution	Total
Balance at 30 June 2016	**—**	**—**	**—**
Purchase of shares	100,000,000	—	**100,000,000**
Finance income	1,134,245	—	**1,134,245**
Balance at 30 June 2017	**101,134,245**	**—**	101,134,245
Capital contribution	—	24,052,119	**24,052,119**
Finance income	7,514,384	—	**7,514,384**
Distribution received	(3,602,861)	—	**(3,602,861)**
Finance income – amortisation of capital contribution	—	456,951	**456,951**
Foreign currency translation reserve	—	(1,754)	**(1,754)**
Balance at 30 June 2018	**105,045,768**	**24,507,316**	129,553,084

RECONCILIATION OF THE GROUP'S FINANCIAL ASSETS HELD AT FVTPL:

Euro	Interest rate swaps
Balance at 30 June 2016	**—**
Balance at 30 June 2017	**—**
Fair value adjustment	350,585
Foreign currency translation difference in other comprehensive income	(1,361)
Balance at 30 June 2018	**349,224**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

30. FINANCIAL LIABILITIES

ACCOUNTING POLICY

The group's financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss. Refer to note 4 for the group's general accounting policy for financial instruments.

DISCLOSURE

Euro	Note	As at 30 June 2018	As at 30 June 2017
Non-current liabilities			
Interest rate swaps		1,222,944	1,170,086
Deferred consideration		473,061	500,000
		1,696,005	**1,670,086**
Current liabilities			
Capital contribution	18	24,507,316	—
Priority participating profit dividend	17	6,912,756	6,078,256
Development management fee	17	4,701,505	4,052,171
Interest rate swap		—	1,081,563
		36,121,577	**11,211,990**
		37,817,582	**12,882,076**

FINANCIAL LIABILITIES AT AMORTISED COST

CAPITAL CONTRIBUTION

As described in note 18, a financial liability and corresponding financial asset have been recognised in respect of the capital contribution due from Legal & General, and due to the UK Government, under the terms of the Pre-let Agreement. Both the financial asset and financial liability are held at amortised cost, refer to note 33.

DEFERRED CONSIDERATION

Where settlement of any part of cash consideration is deferred, deferred consideration is classified as a financial liability and is held at amortised cost. The amounts payable in the future are discounted to their present value if the impact of discounting is material.

During the year the group paid €225,000 of the deferred consideration in relation to Heppenheim Park. The remaining deferred consideration amount of €275,000 was released due to the vendor not completing the agreed retention works. The deferred consideration was originally recognised as part of the purchase price of the asset, and accordingly, the €275,000 release of the retention has been recognised as a fair value adjustment to investment property in profit or loss.

On the acquisition of Uberior House, the group retained a portion of the purchase price per the sale and purchase agreement, which will be released to the vendor conditional upon future rent reviews.

RECONCILIATION OF THE GROUP'S FINANCIAL LIABILITIES HELD AT AMORTISED COST:

Euro	Note	Deferred consideration	Capital contribution
Balance at 30 June 2016		**2,203,865**	**—**
Purchase price released		(1,703,865)	—
Balance at 30 June 2017		**500,000**	**—**
Purchase price released		(500,000)	—
Purchase price retained		473,061	
Capital contribution	18	—	24,052,119
Finance cost – amortisation of capital contribution	18	—	456,951
Foreign currency translation reserve		—	(1,754)
Balance at 30 June 2018		**473,061**	**24,507,316**

FINANCIAL LIABILITIES AT FVTPL

RECONCILIATION OF THE GROUP'S FINANCIAL LIABILITIES HELD AT FVTPL:

Euro	Interest rate swaps	Development management fee	Priority participating profit dividend
Balance at 30 June 2016	**3,029,495**	**2,367,448**	**—**
Fair value adjustment	(769,594)	1,885,457	6,272,812
Foreign currency translation difference recognised in other comprehensive income	(8,252)	(200,734)	(194,556)
Balance at 30 June 2017	**2,251,649**	**4,052,171**	**6,078,256**
Fair value adjustment	123,226	682,956	884,397
Foreign currency translation difference recognised in other comprehensive income	(58,931)	(33,622)	(49,897)
Settlement	(1,093,000)	—	—
Balance at 30 June 2018	**1,222,944**	**4,701,505**	**6,912,756**

FAIR VALUE HIERARCHY

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

As at 30 June 2018

		Fair value		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Non-current liabilities				
Interest rate swaps	1,222,944	—	1,222,944	—
	1,222,944	**—**	**1,222,944**	**—**
Current liabilities				
Development management fee	4,701,505	—	—	4,701,505
Priority participating profit dividend	6,912,756	—	—	6,912,756
	11,614,261	**—**	**—**	**11,614,261**

As at 30 June 2017

		Fair value		
	Carrying amount	**Level 1**	**Level 2**	**Level 3**
Non-current liabilities				
Interest rate swaps	1,170,086	—	1,170,086	—
	1,170,086	**—**	**1,170,086**	**—**
Current liabilities				
Development management fee	4,052,171	—	—	4,052,171
Priority participating profit dividend	6,078,256	—	—	6,078,256
Interest rate swaps	1,081,563	—	1,081,563	—
	11,211,990		**1,081,563**	**10,130,427**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

30. FINANCIAL LIABILITIES (CONTINUED)

INTEREST RATE SWAPS

The group has hedged some of the interest rate exposure on the interest-bearing borrowings using interest rate swaps, refer to note 28. These interest rate swaps 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. During the period the remaining Aldi store in the Aldi portfolio was sold, consequently the interest-bearing borrowings secured against the portfolio were repaid and the interest rate swap was settled on 6 July 2017.

DEVELOPMENT MANAGEMENT FEE AND PRIORITY PARTICIPATING PROFIT DIVIDEND

The group has a development management agreement with New Waverley Advisers and New Waverley Holdings ("the developer") under which a fee and a priority participating profit dividend is payable to the developer in relation to the development of the New Waverley site in Edinburgh, refer to note 17. Under the terms of the agreement, MAS is entitled to a 7.5% annualised preferred return on invested capital. The developer then earns one third of this annualised return and thereafter is entitled to a fee or profit dividend that together approximate 25% of any further development profit.

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

LEVEL 2 FINANCIAL LIABILITIES

VALUATION TECHNIQUES AND UNOBSERVABLE INPUTS

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

As at 30 June 2018 and 30 June 2017

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

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, refer to note 17, is part of this valuation process as the financial liability is derived from the fair value of New Waverley investment property.

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 2018 and as at 30 June 2017

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

FAIR VALUE SENSITIVITY ANALYSIS

As at 30 June 2018

			Gross development value		
				Sensitivity	
Financial liability	**Technique**	**Valuation**	**Input (Euro)**	**% Change**	**Valuation**
Development management fee	Gross development value	4,701,505	46,457,049	+5.00	4,936,580
				-5.00	4,466,430
Priority participating profit dividend	Gross development value	6,912,756	46,457,049	+5.00	7,258,394
				-5.00	6,567,118

As at 30 June 2017

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

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

31. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

The group's trade and other payables include financial instruments and non-financial instruments. The financial instruments are classified as financial liabilities at amortised cost. Refer to note 4 for the group's general accounting policy for financial instruments. The non-financial instruments include: deferred income, income tax and VAT.

DISCLOSURE

The group's trade and other payables comprise:

Euro	As at 30 June 2018	As at 30 June 2017
Construction payables	4,551,993	1,229,375
Trade payables	4,524,420	6,722,430
Deferred income	1,904,870	854,603
Current tax payable	1,599,942	1,020,201
VAT payable	1,765,052	984,790
Other	386,987	5,363
	14,733,264	**10,816,762**

Construction payables relate to amounts owed to developers from the construction of the group's development properties.
The financial instrument and fair value disclosures are in notes 33 and 34.

32. SHARE-BASED PAYMENT ARRANGEMENTS

ACCOUNTING POLICY

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

The fair value determined at the grant date 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 paid as part of the share-based payment awards are included within the fair value at the grant date of the share-based payment.

Options are forfeited if the employee leaves the group before the options vest.

DISCLOSURE

The group has two geared share purchase plans – a Salaried and a Non-Salaried purchase plan. In terms of these, the group 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 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 normal employment benefits from the group. The participants are entitled to retain the surplus of any distributions received on their shares less the cost of interest on the loans.

The non-salaried variant participant ceased to receive any remuneration or employment benefits from the group from 9 March 2017. The participant does not receive any distributions on the participants 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:

		Shares				Initial term of loan	
	Grant date	**Number**	**Issue price**	**Vesting period**	**Vesting conditions**	**Interest rate**	**Initial term**
Salaried variant	9 March 2017	3,850,000	€1.64	20% annually	Service until vesting dates	WACD of the group 2.60%	10 years
Non-salaried variant	9 March 2017	4,000,000	€1.64	15% annually for 4 years, and then 20% annually	Service until vesting dates	WACD of the group 2.60%	10 years
		7,850,000					

The total number of shares issued in relation to the geared share purchase plan is 7,850,000 (2017: 12,850,000) as at 30 June 2018. Since the grant date, 5,000,000 shares have been forfeited, refer to note 24.

The loans to acquire shares are, in substance, call options in terms of IFRS 2: 'Share-based Payments'. The options were valued at 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 €902,386 (2017: €319,248) was recognised in the share-based payment reserve in relation to the options, refer to note 25.

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

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 participants' service related vesting conditions have 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	**As at grant date**
Share price at grant date	€1.64
Exercise price	€2.10
Expected volatility	21.16%
Risk free rate	0.43%
Expected distribution	0.00%
Time to expiration	10 years
Fair value of option	€0.31

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

32. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

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 €1.64 to €2.10.

Expected 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 incentive plans were as follows:

As at 30 June 2018

	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	**9,000,000**	**€1.5750**	**€1.6270**	**3,850,000**	**€1.5750**	**€1.6512**
Forfeited	(5,000,000)	–	–	–	–	–
Interest	–	–	€0.0392	–	–	€0.0426
Interest repayment	–	–	(€0.0417)	–	–	(€0.0448)
Capital repayment	–	–	(€0.0260)	–	–	–
Share price movement	–	(€0.2667)	–	–	(€0.2667)	–
Closing outstanding balance	**4,000,000**	**€1.3083**	**€1.5985**	**3,850,000**	**€1.3083**	**€1.6490**
Exercisable	666,667	€1.3083	€1.5985	770,000	€1.3083	€1.6490

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 remaining term of the loans as at 30 June 2018 was 8.69 years (2017: 9.69 years). The call options on the vested and unvested shares are out of the money at 30 June 2018.

Refer to note 36 for further disclosures of the share-based payment expense included in key management compensation and directors' remuneration.

33. ACCOUNTING CLASSIFICATION AND FAIR VALUES

As at 30 June 2018

		FVTPL						
Euro	Note	**Level 1**	**Level 2**	**Level 3**	**Total FVTPL**	**Amortised cost**	**Non-financial instruments**	**Total**
Financial assets								
Non-current financial investments	19	183,052,263	—	—	183,052,263	—	—	**183,052,263**
Non-current financial assets	29	—	349,224	—	349,224	105,045,786	—	**105,394,992**
Current financial asset	29	—	—	—	—	24,507,316	—	**24,507,316**
Trade and other receivables	21	—	—	—	—	13,997,166	2,151,167	**16,148,333**
Cash and cash equivalents	22	—	—	—	—	147,825,624	—	**147,825,624**
		183,052,263	**349,224**	**—**	**183,401,487**	**291,375,874**	**2,151,167**	**476,928,528**
Financial liabilities								
Non-current financial liabilities	30	—	1,222,944	—	1,222,944	473,061	—	**1,696,005**
Non-current interest-bearing borrowings	28	—	—	—	—	214,407,455	—	**214,407,455**
Current financial liabilities	30	—	—	11,614,261	11,614,261	24,507,316	—	**36,121,577**
Current interest-bearing borrowings	28	—	—	—	—	28,305,652	—	**28,305,652**
Trade and other payables	31	—	—	—	—	9,463,400	5,269,864	**14,733,264**
		—	**1,222,944**	**11,614,261**	**12,837,205**	**277,156,884**	**5,269,864**	**295,363,953**

As at 30 June 2017

		FVTPL						
Euro	Note	**Level 1**	**Level 2**	**Level 3**	**Total FVTPL**	**Amortised cost**	**Non-financial instruments**	**Total**
Financial assets								
Non-current financial assets	29	—	—	—	—	101,134,245	—	**101,134,245**
Current financial assets	29	—	66,097	—	66,097	—	—	**66,097**
Trade and other receivables	21	—	—	—	—	6,404,381	2,302,654	**8,707,035**
Cash and cash equivalents	22	—	—	—	—	33,017,502	—	**33,017,502**
		—	**66,097**	**—**	**66,097**	**138,556,128**	**2,302,654**	**142,924,879**
Financial liabilities								
Non-current financial liabilities	30	—	1,170,086	—	1,170,086	500,000	—	**1,670,086**
Non-current interest-bearing borrowings	28	—	—	—	—	141,751,953	—	**141,751,953**
Current financial instruments	30	—	1,081,563	10,130,427	11,211,990	—	—	**11,211,990**
Current interest-bearing borrowings	28	—	—	—	—	5,461,444	—	**5,461,444**
Trade and other payables	31	—	—	—	—	7,957,167	2,859,595	**10,816,762**
		—	**2,251,649**	**10,130,427**	**12,382,076**	**155,670,564**	**2,859,595**	**170,912,235**

The group has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade and other receivables and payables and interest-bearing borrowings because their carrying amounts are a reasonable approximation of fair values. The disclosures for level 2 and level 3 can be found in the relevant note to each line item.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

34. FINANCIAL RISK MANAGEMENT

OVERVIEW

The group has exposure to the following risks from its use of financial instruments:
- Liquidity risk
- Market price risk
- Interest rate risk: fair value interest rate risk and cash flow interest rate risk
- Foreign exchange risk
- Credit risk

LIQUIDITY RISK – The risk that the group will encounter difficulty meeting its obligations associated with its financial liabilities that arises when the maturity of assets and liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The group has internal procedures focused on ensuring the efficient but prudent use of cash and availability of working capital. The liquidity risk inherent in the business is mainly as a result of the tenant risk in the property portfolio. Should a tenant default, liquidity risk may result in the inability of the group to cover the interest and capital payments. As a result, adequate cash buffers are maintained, and tenant strength is reviewed on a continual basis. The group intends to invest up to a further €250,000,000 in PKM Developments, refer to note 39. The group has no significant concentration of liquidity risk on the basis that the group holds all cash and cash equivalents on demand.

The following are the contractual maturities, including interest payments:

As at 30 June 2018

Euro	Note	1-6 months	6-12 months	1-3 years	>3 years	Total
Capital commitments	39	**242,754,299**	**30,103,744**	**160,807,972**	**—**	**433,666,015**
- Investment property		118,800,000	—	—	—	**118,800,000**
- Inventory property		23,954,299	30,103,744	10,807,972	—	**64,866,015**
- Preference shares – PKM Developments		100,000,000	—	150,000,000	—	**250,000,000**
Interest-bearing borrowings		6,732,069	6,225,490	30,293,331	229,009,978	**272,260,868**
Trade and other payables		14,733,264	—	—	—	**14,733,264**
Financial instruments		**—**	**36,121,577**	**473,061**	**1,222,944**	**37,817,582**
- Current financial liabilities		—	36,121,577	—	—	**36,121,577**
- Non-current financial liabilities		—	—	473,061	—	**473,061**
- Non-current derivative financial instruments		—	—	—	1,222,944	**1,222,944**
		264,219,632	**72,450,811**	**191,574,364**	**230,232,922**	**758,477,729**

As at 30 June 2017

Euro	Note	1-6 months	6-12 months	1-3 years	>3 years	Total
Capital commitments	39	**8,436,573**	**118,867,033**	**51,536,499**	**—**	**178,840,105**
- Investment property		8,436,573	18,867,033	51,536,499	—	**78,840,105**
- Preference shares – PKM Developments		—	100,000,000	—	—	**100,000,000**
Interest bearing borrowings		4,898,417	3,604,308	21,278,990	138,679,395	**168,461,110**
Trade and other payables		10,816,762	—	—	—	**10,816,762**
Financial instruments		**1,081,563**	**10,130,427**	**500,000**	**1,170,086**	**12,882,076**
- Current financial liabilities		—	10,130,427	—	—	**10,130,427**
- Non-current financial liabilities		—	—	500,000	—	**500,000**
- Current derivative financial instruments		1,081,563	—	—	—	**1,081,563**
- Non-current derivative financial instruments		—	—	—	1,170,086	**1,170,086**
		25,233,315	**132,601,768**	**73,315,489**	**139,849,481**	**371,000,053**

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

The risk to the group arises due to an imbalance between demand and supply for the relevant investments and financial instruments in the portfolio, which could potentially result in a disorderly market. The concentration of market risk is mitigated through the regular monitoring of the share price of financial investments.

The assets and liabilities affected by market price risk are as follows:

Euro	**As at 30 June 2018**	**As at 30 June 2017**
Assets		
Financial investments	183,052,263	—
Derivative financial instruments	349,224	66,097
	183,401,487	**66,097**
Liabilities		
Financial liabilities	11,614,261	10,130,427
Derivative financial instruments	1,222,944	2,251,649
	12,837,205	**12,382,076**

At 30 June 2018, if market prices at that date had been 5% (2017: 5%) higher/lower with all other variables held constant, post-tax profit for the year would have been €8,528,214 (2017: €729,023) higher/lower. This sensitivity analysis assumes that all other variables remain constant.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK – A significant part of the funding of the group's portfolio derives from debt. Debt is managed on an active basis, sometimes hedging against adverse movements in interest rates. Details of the hedging arrangements of the group are disclosed in note 29.

The carrying value of assets and liabilities affected by interest risk are as follows:

	As at 30 June 2018					As at 30 June 2017				
Euro	**Fixed rate**	**Variable**	**No exposure**	**Non-financial instruments**	**Total**	**Fixed rate**	**Variable**	**No exposure**	**Non-financial instruments**	**Total**
Assets										
Financial assets	349,224	24,507,316	—	105,045,768	**129,902,308**	—	—	66,097	101,134,245	**101,200,342**
Trade and other receivables	—	—	13,997,166	2,151,167	**16,148,333**	—	—	8,707,035	—	**8,707,035**
Cash and cash equivalents	—	147,825,624	—	—	**147,825,624**	—	33,017,502	—	—	**33,017,502**
	349,224	**172,332,940**	**13,997,166**	**107,196,935**	**293,876,265**	**—**	**33,017,502**	**8,773,132**	**101,134,245**	**142,924,879**
Liabilities										
Interest bearing borrowings	199,289,452	43,423,655	—	—	**242,713,107**	112,857,253	34,356,144	—	—	**147,213,397**
Financial instruments	1,222,944	24,980,377	11,614,261	—	**37,817,582**	2,251,649	500,000	10,130,427	—	**12,882,076**
- Derivative financial instruments	1,222,944	—	—	—	**1,222,944**	2,251,649	—	—	—	**2,251,649**
- Financial liabilities	—	24,980,377	11,614,261	—	**36,594,638**	—	500,000	10,130,427	—	**10,630,427**
Trade and other payables	—	—	14,733,265	—	**14,733,265**	—	7,951,805	2,864,957	—	**10,816,762**
	200,512,396	**68,404,032**	**26,347,526**	**—**	**295,263,954**	**115,108,902**	**42,807,949**	**12,995,384**	**—**	**170,912,235**

FAIR VALUE SENSITIVITY FOR FIXED-RATE INSTRUMENTS

The group does not account for any fixed rate interest bearing borrowings at fair value through profit or loss and the group does not designate derivative financial instruments as hedging instruments. Therefore, a change in interest rates on fixed rate interest-bearing borrowings would not affect profit or loss.

CASH FLOW SENSITIVITY FOR VARIABLE RATE INSTRUMENTS

At 30 June 2018, if interest rates at that date had been 25 basis points higher/lower (2017: 25 basis points) with all other variables held constant, post-tax profit for the year would have been €330,003 (2017: €49,106) lower/higher, arising mainly as a result of the higher/lower interest expense on variable borrowings. This sensitivity analysis assumes that all other variables remain constant.

FOREIGN EXCHANGE RISK – The group is exposed to currency risk because it holds both assets and liabilities denominated in currencies other than euro, the presentation currency. It is therefore exposed to currency risk, as the value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

As at 30 June 2018 the group had the following currency exposures:

CURRENCY RISK EXPOSURES

	GBP	CHF	ZAR	USD	PLN	SEK	BGN
Closing exchange rate	0.8861	1.1569	16.0514	1.1658	4.3725	10.4560	1.9560
FINANCIAL INSTRUMENTS – ASSETS							
Financial investments							
Foreign currency	21,633,249	–	–	–	–	139,022,719	–
Euro equivalent	24,413,121	–	–	–	–	13,295,975	–
Financial instruments							
Foreign currency	22,026,176	–	–	–	–	–	–
Euro equivalent	24,856,540	–	–	–	–	–	–
Trade and other receivables							
Foreign currency	10,736,098	53,258	–	–	3,909,118	–	3,508,951
Euro equivalent	12,115,687	46,036	–	–	894,015	–	1,794,098
Cash and cash equivalents							
Foreign currency	15,417,936	844,729	154,061	14,623	1,546,070	–	5,479,690
Euro equivalent	17,399,141	730,184	9,598	12,544	353,586	–	2,801,721
FINANCIAL INSTRUMENTS – LIABILITIES							
Financial instruments							
Foreign currency	32,427,681	1,054,990	–	–	1,359,909	–	–
Euro equivalent	36,594,639	911,933	–	–	311,011	–	–
Interest bearing borrowings							
Foreign currency	65,513,444	8,732,500	–	–	–	–	–
Euro equivalent	73,931,921	7,548,373	–	–	–	–	–
Trade and other payables							
Foreign currency	8,764,932	53,924	–	–	1,338,840	–	3,790,847
Euro equivalent	9,891,226	46,612	–	–	306,193	–	1,938,229
Total net financial (liability)/asset exposure							
Foreign currency	**(36,892,598)**	**(8,943,427)**	**154,061**	**14,623**	**2,756,439**	**139,022,719**	**5,197,794**
Euro equivalent	**(41,633,297)**	**(7,730,698)**	**9,598**	**12,544**	**630,397**	**13,295,975**	**2,657,590**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 30 June 2017 the group had the following currency exposures:

CURRENCY RISK EXPOSURES

	GBP	CHF	ZAR	USD	PLN
Closing exchange rate	0.8794	1.0930	14.9254	1.1412	4.2265
FINANCIAL INSTRUMENTS – ASSETS					
Financial instruments					
Foreign currency	–	–	–	–	279,362
Euro equivalent	–	–	–	–	66,097
Trade and other receivables					
Foreign currency	2,794,851	39,650	–	–	–
Euro equivalent	3,178,304	36,276	–	–	–
Cash and cash equivalents					
Foreign currency	2,628,385	512,562	22,241	821	122
Euro equivalent	2,989,000	468,943	1,518	720	29
FINANCIAL INSTRUMENTS – LIABILITIES					
Financial instruments					
Foreign currency	10,783,254	1,278,922	–	–	–
Euro equivalent	12,262,716	1,170,086	–	–	–
Interest bearing borrowings					
Foreign currency	27,952,244	9,122,500	–	–	–
Euro equivalent	31,787,292	8,346,175	–	–	–
Trade and other payables					
Foreign currency	3,948,749	55,448	108,433	–	–
Euro equivalent	4,490,517	50,729	7,265	–	–
Total net (liability)/asset exposure					
Foreign currency	(37,261,011)	(9,904,658)	(86,192)	821	279,484
Euro equivalent	(42,373,221)	(9,061,771)	(5,747)	720	66,126

As at 30 June 2018, if the euro had strengthened/weakened against other currencies used by the group with all other variables held constant, post-tax profit for the period would have been:

		30 June 2018		30 June 2017	
		Profit or loss		Profit or loss	
Euro	Movement	Strengthening	Weakening	Strengthening	Weakening
GBP	5%	2,081,665	(2,081,665)	2,114,749	(2,114,749)
CHF	5%	386,535	(386,535)	453,089	(453,089)
ZAR	10%	(960)	960	606	(606)
USD	5%	(627)	627	(36)	36
PLN	5%	(31,520)	31,520	(3,306)	3,306
SEK	5%	(664,799)	664,799	–	–
BGN[1]	0%	–	–	–	–
		1,770,294	**(1,770,294)**	**2,565,102**	**(2,565,102)**

This sensitivity analysis assumes that all other variables, particularly interest rates, remain constant.

[1] The Bulgarian Lev is fixed to the euro exchange rate therefore there was no currency risk exposure.

CREDIT RISK – The group is exposed to credit risk primarily as a result of its banking relationships, trade receivables owed by tenants, listed real estate equity securities and the investment in the PKM Developments preference shares. In addition, the credit exposure arises due to potential default on derivative instruments if the counterparty defaults as a result of a deteriorating credit rating. Credit risk is initially monitored by management with reference to external credit ratings.

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

	As at 30 June 2018				As at 30 June 2017			
Euro	**Credit risk exposure**	**No exposure**	**Non-financial instruments**	**Total**	**Credit risk exposure**	**No exposure**	**Non-financial instruments**	**Total**
Non-current financial assets								
Financial investments	183,052,263	–	–	**183,052,263**	–	–	–	**–**
Financial instruments	105,394,992	–	–	**105,394,992**	101,134,245	–	–	**101,134,245**
	288,447,255	**–**	**–**	288,447,255	**101,134,245**	**–**	**–**	101,134,245
Current financial assets								
Financial instruments	–	24,507,316	–	**24,507,316**	66,097	–	–	**66,097**
Trade and other receivables	13,997,166	–	2,151,167	**16,148,333**	6,904,328	1,802,707	–	**8,707,035**
Cash and cash equivalents	147,825,624	–	–	**147,825,624**	33,017,502	–	–	**33,017,502**
	161,822,790	**24,507,316**	**2,151,167**	188,481,273	**39,987,927**	**1,802,707**	**–**	41,790,634
	450,270,045	**24,507,316**	**2,151,167**	476,928,528	**141,122,172**	**1,802,707**	**–**	142,924,879

Management reviews the credit quality on a quarterly basis by reviewing management accounts, including those of PKM Developments. Cash and cash equivalents are held with banks and financial institution counterparties which are rated B+ or better by Moody's rating agency. The share price of the listed real estate equity securities is monitored by management on a regular basis. The credit quality of trade and other receivables is reviewed by MAS Prop as investment advisors to the group, no impairment indications have been found. If there are any significant changes to credit quality these are escalated to the Audit and Risk Committee.

There is no significant concentration credit risk with respect to trade and other receivables as the group does not place reliance on one single counterparty. The group reviews the financial status and risk profile of its tenants and has found no impairment indications. No financial assets are impaired and none are past due dates.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

35. 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 the group structure 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

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 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 and other strategic assets	Residential developments and land plots held for schemes that have not yet commenced, and listed real estate equity securities.
Corporate	Consists of the cash holdings outside of the other reporting segments and goodwill.

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 2018

	Reportable segments				
Euro	**Income-generating property**	**Development property**	**Land bank and other strategic assets**	**Corporate**	**Total**
Statement of profit or loss					
External revenue	43,010,408	—	396,153	—	**43,406,561**
Segment profit/(loss) before tax	37,329,217	9,938,530	(18,696,118)	(2,370,820)	**26,200,809**
Finance income	3,744	7,971,335	479	—	**7,975,558**
Interest earned on preference shares	—	7,514,384	—	—	**7,514,384**
Finance costs	(4,944,538)	(456,951)	—	(158,855)	**(5,560,344)**
Current tax	(788,830)	(2,394,030)	(2,369,785)	(3,357)	**(5,556,002)**
Deferred tax	(3,730,148)	2,418,763	—	—	**(1,311,385)**
Investment in equity-accounted investee	—	3,568,925	—	—	**3,568,925**
Other material non-cash items					
- Fair value adjustments	12,357,437	(5,388,602)	(22,921,758)	152,796	**(15,800,127)**
- Exchange differences	(837)	—	—	(1,019,950)	**(1,020,787)**
- Goodwill impairment	—	—	—	(1,274,346)	**(1,274,346)**
- Depreciation	(85,088)	—	—	(14,938)	**(100,026)**
Statement of financial position					
Segment non-current assets	548,602,766	105,010,649	216,150,430	21,581,047	**891,344,892**
Investment in equity-accounted investee	—	23,774,222	—	—	**23,774,222**
- Segment current assets	72,949,162	37,001,253	15,532,543	117,880,260	**243,363,218**
Segment non-current liabilities	(222,239,291)	—	—	(3,542)	**(222,242,833)**
Segment current liabilities	(47,772,895)	(29,887,847)	(1,419,996)	(363,838)	**(79,444,576)**

As at and for the year ended 30 June 2017

	Reportable segments				
Euro	**Income-generating property**	**Development property**	**Land bank and other strategic assets**	**Corporate**	**Total**
Statement of profit or loss					
External revenue	31,532,298	—	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 costs	(2,235,473)	—	—	(3,024)	**(2,238,497)**
Current tax	(1,749,449)	—	—	—	**(1,749,449)**
Deferred tax	(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)**
- Depreciation	(23,977)	(1,963)	(1,924)	—	**(27,864)**
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**

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: Western Europe (UK, Germany and Switzerland) and Central and Eastern Europe (Poland, Bulgaria and Romania) as a result of the investment in associate, refer to note 20.

Revenue

Euro	**Year ended 30 June 2018**	**Year ended 30 June 2017**
BVI	—	—
Western Europe	24,865,399	25,328,584
CEE	18,541,162	6,253,844
	43,406,561	**31,582,428**

Non-current assets

Euro	**As at 30 June 2018**	**As at 30 June 2017**
BVI	204,633,310	—
Western Europe	414,204,311	433,123,317
CEE	296,281,493	277,793,582
	915,119,114	**710,916,899**

DIRECT AND INDIRECT INVESTMENT RESULTS

In order to provide information of relevance to investors and a meaningful basis of comparison for users of the financial information, a statement of direct and indirect investment results for the year ended 30 June 2018 has been prepared and presented below. It allocates the IFRS result between direct and indirect investment result respectively.

The directors consider that the distribution statement is useful in interpreting the performance of the group.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

35. OPERATING SEGMENTS (CONTINUED)

Year ended 30 June 2018

STATEMENT OF DIRECT AND INDIRECT INVESTMENT RESULT

Euro	Direct investment result	Indirect investment result	Total IFRS
Rental income	37,452,513	–	37,452,513
Service charge income and other recoveries	5,954,048	–	5,954,048
	43,406,561	**–**	**43,406,561**
Service charge and other property operating expenses	(11,073,518)	–	(11,073,518)
Net rental income	**32,333,043**	**–**	**32,333,043**
Sales of inventory property	–	26,020,940	26,020,940
Cost of sales of inventory property	–	(21,704,016)	(21,704,016)
Profit on sale of inventory property	**–**	**4,316,924**	**4,316,924**
Other income	8,585,032	–	8,585,032
Corporate expenses	(4,946,973)	–	(4,946,973)
Investment expenses	–	(1,976,096)	(1,976,096)
Net operating income	**35,971,102**	**2,340,828**	**38,311,930**
Fair value adjustments	–	(15,800,127)	(15,800,127)
Foreign currency exchange differences	–	(1,020,787)	(1,020,787)
Share of profit from equity accounted investee, net of tax	–	3,568,925	3,568,925
Goodwill impairment	–	(1,274,346)	(1,274,346)
Profit/(loss) before net financing costs	**35,971,102**	**(12,185,507)**	**23,785,595**
Finance income	7,975,558	–	7,975,558
Finance costs	(5,560,344)	–	(5,560,344)
Profit/(loss) before tax	**38,386,316**	**(12,185,507)**	**26,200,809**
Current tax	(2,979,626)	(2,576,376)	(5,556,002)
Deferred tax	–	(1,311,385)	(1,311,385)
Profit/(loss) for the period	**35,406,690**	**(16,073,268)**	**19,333,422**
Attributable to:			
Owners of the parent	34,078,183	(17,221,877)	16,856,306
Non-controlling interest	1,328,507	1,148,609	2,477,116

DISTRIBUTABLE EARNINGS AND BASIS OF DISTRIBUTION

Euro	Year ended 30 June 2018
Direct investment result distributable to shareholders	**34,078,183**
Company specific adjustments	
Net attributable profit on sales of inventory property[1]	2,628,067
Distributable earnings before effect of shares issued during the period	**36,706,250**
Weighted average number of shares in issue	577,814,866
Distributable earnings per share (euro cents per share)	**6.35**
Distributable earnings before effect of shares issued during the period	36,706,250
Adjustment relating to shares issued during the period	3,772,061
Distributable earnings (after adjustment for shares issued during the period)	**40,478,311**
Closing number of shares in issue	637,493,798

[1] The profit on sales of inventory property during the year was €4,316,924 (2017: €nil). The tax recognised on these sales was €812,835 (2017: €nil), refer to note 15, giving a net amount of profit of €3,504,089 (2017: €nil). The group has recognised 75% (2018: €2,628,067; 2017: €nil) of this balance as distributable earnings as approximately 25% of profit is payable to the developer, refer to note 30.

Euro cents	Six-month period ended 31 December 2017	Six-month period ended 30 June 2018	Year ended 30 June 2018
Distributable earnings per share	2.70	3.65	**6.35**
Adjustment from reserves per share	0.88	0.38	**1.26**
Distribution per share	**3.58**	**4.03**	**7.61**

RECONCILIATION OF CASH FROM OPERATIONS TO DIRECT INVESTMENT RESULT

Euro	Year ended 30 June 2018
Net cash from operating activities	**35,386,649**
Finance cost	**(5,560,344)**
Finance cost	(5,560,344)
Finance income	**4,372,697**
Finance income	7,975,558
Finance income received – interest on preference shares	(3,602,861)
Tax	**454,869**
Tax expense	(2,979,626)
Tax paid	3,434,495
Non-cash items	**(905,792)**
Depreciation	(100,026)
Share based payment expenses	(805,766)
Working capital movement	**(317,485)**
Decrease in receivables	(1,029,613)
Decrease in payables	904,406
Increase in provisions	(192,278)
Other	**1,976,096**
Investment expenses	1,976,096
TOTAL DIRECT INVESTMENT RESULT	**35,406,690**
Attributable to:	
Owners of the parent	34,078,183
Non-controlling interest	1,328,507

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

35. OPERATING SEGMENTS (CONTINUED)

Year ended 30 June 2017

STATEMENT OF DIRECT AND INDIRECT INVESTMENT RESULT

Euro	Direct investment result	Indirect investment result	Total IFRS
Rental income	27,032,238	—	27,032,238
Service charge income and other recoveries	4,550,190	—	4,550,190
	31,582,428	**—**	**31,582,428**
Service charge and other property operating expenses	(7,597,216)	(820)	(7,598,036)
Net rental income	**23,985,212**	**(820)**	**23,984,392**
Sales of inventory property	—	—	—
Cost of sales of inventory property	—	—	—
Profit on sale of inventory property	**—**	**—**	**—**
Other income	—	—	—
Corporate expenses	(3,253,610)	(244,599)	(3,498,209)
Investment expenses	—	(281,061)	(281,061)
Net operating income/(loss)	**20,731,602**	**(526,480)**	**20,205,122**
Fair value adjustments	—	25,592,290	25,592,290
Foreign currency exchange differences	—	(4,684,895)	(4,684,895)
Share of profit from equity-accounted investee, net of taxation	132,602	45,795	178,397
Goodwill impairment	—	—	—
Profit before net financing costs	**20,864,204**	**20,426,710**	**41,290,914**
Finance income	1,207,196	—	1,207,196
Finance costs	(2,238,497)	—	(2,238,497)
Profit before tax	**19,832,903**	**20,426,710**	**40,259,613**
Current tax	(1,741,449)	—	(1,741,449)
Deferred tax	—	(3,942,153)	(3,942,153)
Profit for the period	**18,091,454**	**16,484,557**	**34,576,011**
Attributable to:			
Owners of the parent	17,899,178	15,688,770	33,587,948
Non-controlling interest	192,276	795,787	988,063

DISTRIBUTABLE EARNINGS AND BASIS OF DISTRIBUTION

Euro	Year ended 30 June 2017
Direct investment result distributable to shareholders	**17,899,178**
Company specific adjustments	
Sirius earnings	1,137,215
Capitalisation of borrowing costs	240,658
Other adjustments	438,407
Distributable earnings before effect of shares issued during the period	**19,715,458**
Weighted average number of shares in issue[1]	402,059,173
Distributable earnings per share (euro cents per share)	**4.90**
Distributable earnings before effect of shares issued during the period	19,715,458
Adjustment relating to shares issued during the period	3,832,529
Distributable earnings (after adjustment for shares issued during the period)	**23,547,987**
Closing number of shares in issue [1]	480,216,299

Euro cents	Six-month period ended 31 December 2016	Six-month period ended 30 June 2017	Year ended 30 June 2017
Distributable earnings per share	2.27	2.63	**4.90**
Adjustment from reserves per share	0.39	0.56	**0.95**
Distribution per share	**2.66**	**3.19**	**5.85**

[1] In the prior period, distributable earnings per share was calculated on the total number of shares in issue, which includes the geared share purchase plan shares. In the current period, the IFRS approach of treating the geared share purchase plan shares as unissued treasury shares is adopted.

RECONCILIATION OF CASH FROM OPERATIONS TO DIRECT INVESTMENT RESULT

Euro	Year ended 30 June 2017
Net cash from operating activities	**24,489,820**
Finance cost	**(2,238,497)**
Finance cost	(2,238,497)
Finance income	**1,207,196**
Finance income	1,207,196
Tax	**(675,251)**
Tax expense	(1,741,449)
Tax paid	1,066,198
Non-cash items	**104,738**
Depreciation	(27,864)
Share based payment expenses	(245,419)
Earnings in associate	132,602
IFRS 2 expenses	245,419
Working capital movement	**(5,077,613)**
Decrease in receivables	(2,557,048)
Increase in payables	(2,520,565)
Other	**281,061**
Investment expenses	281,061
TOTAL DIRECT INVESTMENT RESULT	**18,091,454**
Attributable to:	
Owners of the parent	17,899,178
Non-controlling interest	192,276

EPRA NAV

The European Public Real Estate Association (EPRA) is an organisation that promotes, develops and represents the European public real estate sector. EPRA sets out best practice reporting guidelines on a number of financial and operational performance indicators relevant to the real estate sector. As the business of the group matures, the board intends to adopt the EPRA performance measures on a comprehensive basis. However, as the business goes through the current stage of rapid change and growth, some of the metrics are currently considered not to be relevant. Initially, EPRA NAV and EPRA NAV per share have been computed, which provides an industry standard methodology for the computation of the net asset value per share of the group.

RECONCILIATION OF IFRS NAV TO EPRA NAV

Euro	Note	As at 30 June 2018	As at 30 June 2017
Equity attributable to owners of the parent		**854,267,721**	**582,053,971**
Adjustments for:			
Fair value of interest rate swaps		873,720	2,251,649
Deferred tax asset		(607,179)	(758,055)
Deferred tax liability		6,139,373	4,998,374
NCI in respect of the above adjustments		(616,418)	(102,479)
EPRA NAV		**860,057,217**	**588,443,460**
Fully diluted number of shares		637,556,656	467,366,299
Closing number of shares		637,493,798	467,366,299
Effect of share options	37	62,858	–
EPRA NAV per share (euro cents)		**134.90**	**125.91**

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

36. 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 2018

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Sub total	IFRS 2 option expense	Total
Morné Wilken[1]		**188,432**	**141,613**			**330,045**		**330,045**
	CEO	178,432	141,613	–	–	**320,045**	–	**320,045**
	Former NED	10,000	–	–	–	**10,000**	–	**10,000**
Malcolm Levy	CFO	–	–	–	–	**–**	425,758	**425,758**
Jonathan Knight[2]	CIO	67,974	–	–	–	**67,974**	164,354	**232,328**
Ron Spencer	Chairman	30,000	–	–	–	**30,000**	–	**30,000**
Gideon Oosthuizen	NED	27,500	–	–	–	**27,500**	–	**27,500**
Jaco Jansen	NED	25,000	–	–	–	**25,000**	–	**25,000**
Pierre Goosen	NED	22,500	–	–	–	**22,500**	–	**22,500**
Glynnis Carthy	NED	27,500	–	–	–	**27,500**	–	**27,500**
Helen Cullen	Company Secretary	95,778	–	–	–	**95,778**	66,441	**162,219**
Lukas Nakos[3]	Former CEO	–	157,794	–	–	**157,794**	–	**157,794**
		484,684	**299,407**	**–**	**–**	**784,091**	**656,553**	**1,440,644**

[1] During the year, the group paid £25,000 (approximately €28,323) in relation to Morné Wilken's relocation. In addition, in order to secure the services of Morné Wilken on a full-time basis, the sum of £500,000 (approximately €564,250) was awarded and paid as recognition that he would forfeit in-the-money incentive scheme benefits by becoming CEO of MAS. This amount is repayable on a pro-rata basis should he cease to be employed by the company from 1 January 2018 and accordingly £16,667 (approximately €18,809) (£500,000 (approximately €564,250) divided by 30 months) is expensed monthly and recognised as a benefit paid to him.

[2] Jonathan Knight has a contract of employment with Corona Real Estate Partners Limited, a service provider to MAS Property Advisors Limited. The total remuneration paid to Corona in relation to services provided to MAS by Jonathan Knight was €130,284 (2017: €216,068). Jonathan Knight received a salary of €67,974 (2017: €68,232) from Corona.

[3] During January 2018 the Board of Directors approved an exit payment of £140,000 (€157,794) to Lukas Nakos.

Year ended 30 June 2017

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Sub total	IFRS 2 option expense	Total
Lukas Nakos	CEO	125,000	–	181,952	–	**306,952**	–	**306,952**
Malcolm Levy	CFO	117,656	–	170,580	–	**288,236**	149,237	**437,473**
Jonathan Knight	CIO	68,232	–	85,290	–	**153,522**	66,238	**219,760**
Ron Spencer	Chairman	30,000	–	–	–	**30,000**	–	**30,000**
Gideon Oosthuizen	NED	27,500	–	–	–	**27,500**	–	**27,500**
Jaco Jansen	NED	27,500	–	–	–	**27,500**	–	**27,500**
Morné Wilken	NED	20,000	–	–	–	**20,000**	–	**20,000**
Pierre Goosen	NED	20,000	–	–	–	**20,000**	–	**20,000**
Glynnis Carthy	NED	–	–	–	–	**–**	–	**–**
Helen Cullen	Company Secretary	96,822	–	20,538	–	**117,360**	22,079	**139,439**
		532,710	**–**	**458,360**	**–**	**991,070**	**237,554**	**1,228,624**

KEY MANAGEMENT – SHAREHOLDINGS

As at 30 June 2018

Euro	Direct	Indirect	Associate	Total
Morné Wilken	284,039	—	—	**284,039**
Malcolm Levy	11,633	4,000,000	1,568,928[2]	**5,580,561**
Jonathan Knight	626,525	1,500,000	—	**2,126,525**
Ron Spencer	12,061	—	—	**12,061**
Gideon Oosthuizen	—	240,000[1]	—	**240,000**
Jaco Jansen	—	—	—	**—**
Pierre Goosen	—	—	46,679[2]	**46,679**
Glynnis Carthy	—	—	—	**—**
Helen Cullen	14,936	500,000	—	**514,936**
	949,194	**6,240,000**	**1,615,607**	**8,804,801**

[1] Associate company
[2] Non-beneficial to director

5,000,000 shares have been forfeited and cancelled during the year in respect of the geared share purchase plan, refer to note 32. No new shares have been issued during the year to 30 June 2018 and the number of shares in the scheme at year end is 7,850,000.

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

There has been no change in the shareholding of the directors or key management from 30 June 2018 to the date of approval of these annual financial statements.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

36. RELATED PARTIES (CONTINUED)

OTHER RELATED PARTY TRANSACTIONS:

		Income/(expenses) for the year ended		Capitalised for the year ended		Balances assets/(liabilities) as at	
Euro	Note	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
NW Advisers							
- On-charged development costs		–	(293)	2,287,409	12,860,460	–	(214,680)
- Development management fee[1]		(682,957)	(1,684,723)	–	–	(4,701,505)	(4,052,171)
		(682,957)	**(1,685,016)**	**2,287,409**	**12,860,460**	**(4,701,505)**	**(4,266,851)**
NW Holdings							
- Development profit participation fee[1]		(1,042,368)	(6,078,256)	–	–	(6,912,757)	(6,078,256)
		(1,042,368)	**(6,078,256)**	**–**	**–**	**(6,912,757)**	**(6,078,256)**
Corona							
- Legal and professional expenses		(804,187)	(889,482)	132,549	176,266	(124,474)	(83,857)
		(804,187)	**(889,482)**	**132,549**	**176,266**	**(124,474)**	**(83,857)**
Artisan							
- On-charged administrative expenses		46,946	(13,583)	–	–	–	–
		46,946	**(13,583)**	**–**	**–**	**–**	**–**
PKM Developments							
- Equity accounted investee	20	3,568,925	178,397	–	–	23,774,222	20,205,297
- Preference shares – PKM Developments	29	7,514,384	1,134,245	–	–	105,045,768	101,134,245
		11,083,309	**1,312,642**	**–**	**–**	**128,819,990**	**121,339,542**
Momats							
- Directors Fee and Legal and professional expenses		12,621	–	–	–	2,180	–
		12,621	**–**	**–**	**–**	**2,180**	**–**
		8,613,364	**(7,353,695)**	**2,419,958**	**13,036,726**	**117,083,434**	**110,910,578**

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

KEY MANAGEMENT

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

RELATED PARTY RELATIONSHIPS

ARTISAN

Artisan is a real estate management company, the board of which comprises four directors, two of which are common with MAS.

NW HOLDINGS

NW Holdings is a real estate development holding company and is a 60% owned subsidiary of Artisan. As such it is controlled by Artisan. Refer to note 30.

NW ADVISERS

NW Advisers is a real estate developer and is a 100% owned subsidiary of New Waverley Holdings. As such it is controlled by Artisan. Refer to note 30.

CORONA

Corona is a real estate management company with five staff members and is owned 100% by Jonathan Knight who is the chief investment officer of the group.

Jonathan Knight has a contract of employment with Corona Real Estate Partners Limited, a service provider to MAS Property Advisors Limited. The total remuneration paid to Corona in relation to services provided to MAS by Jonathan Knight was €130,284 (2017: €216,068). Jonathan Knight received a salary of €67,974 (2017: €68,232) from Corona.

PKM DEVELOPMENTS

PKM Developments is an associate of the group and MAS owns 40% of the ordinary shares, refer to note 20.

In 2017, the group provided €100,000,000 to acquire 7.5% preference shares in PKM Developments, refer to note 29. The group has committed to fund up to a further €250,000,000 over the next three years.

MOMATS

Momats provides BVI corporate services and is a director of MAS BVI (Holdings) Limited and MAS CEE Investments Limited, 100% owned subsidiaries of the company.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

37. 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 2018	Year ended 30 June 2017
Profit for the year attributable to the owners of the group	**16,856,306**	**33,587,948**

WEIGHTED-AVERAGE NUMBER OF ORDINARY SHARES

	Note	Year ended 30 June 2018	Year ended 30 June 2017
Opening issued ordinary shares	24	**467,366,299**	**348,625,219**
Effect of shares issued for capital raise		105,128,974	44,608,360
Effect of shares issued for scrip distributions		5,319,593	5,023,402
Weighted-average number of ordinary shares		**577,814,866**	**398,256,981**

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

BASIC EARNINGS PER SHARE

	Year ended 30 June 2018	Year ended 30 June 2017
Profit attributable to ordinary shareholders (euro)	**16,856,306**	**33,587,948**
Weighted-average number of ordinary shares	577,814,866	398,256,981
Basic earnings per shares (euro cents)	**2.92**	**8.43**

DILUTED EARNINGS PER SHARE

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

	Year ended 30 June 2018	Year ended 30 June 2017
Weighted-average number of ordinary shares (basic)	**577,814,866**	**398,256,981**
Effect of share options	62,858	–
Weighted-average number of ordinary shares (diluted)	**577,877,724**	**398,256,981**

DILUTED EARNINGS PER SHARE

	Year ended 30 June 2018	Year ended 30 June 2017
Profit attributable to ordinary shareholders (euro)	**16,856,306**	**33,587,948**
Weighted-average number of ordinary shares	577,877,724	398,256,981
Diluted earnings per share (euro cents)	**2.92**	**8.43**

At 30 June 2018, options on 5,080,000 shares were excluded from the diluted weighted-average number of ordinary shares because their effect would have been anti-dilutive.

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

HEADLINE EARNINGS AND HEADLINE EARNINGS PER SHARE

ACCOUNTING POLICY

Headline earnings is derived from basic earnings adjusted for re-measurements that relate to the capital platform of the group per Circular 4/2018 issued by the South African Institute of Chartered Accountants.

DISCLOSURE

Headline earnings and headline earnings per share was as follows:

		Year ended 30 June 2018		Year ended 30 June 2017	
Euro	**Note**	**Gross**	**Net**	**Gross**	**Net**
Profit attributable to ordinary shareholders		**16,856,306**	**16,856,306**	**33,587,948**	**33,587,948**
Adjusted for:					
Fair value loss/(gain) on investment property	17	721,387	232,813	(36,763,196)	(32,995,314)
Fair value gain on investment property in associate		(6,179,920)	(3,878,272)	—	—
Fair value gain on investment property held for sale	23	(2,766,206)	(2,766,206)	(786,795)	—
Goodwill impairment	16	1,274,346	1,274,346	—	—
Headline earnings		**9,905,913**	**11,718,987**	**(3,962,043)**	**(592,634)**
Basic headline earnings per share					
Weighted-average number of ordinary shares (basic)		577,814,866	577,814,866	398,256,981	398,256,981
Headline earnings per share (euro cents)		**1.71**	**2.03**	**(0.99)**	**0.15**
Diluted headline earnings per share					
Weighted-average number of ordinary shares (diluted)		577,877,724	577,877,724	398,256,981	398,256,981
Diluted headline earnings per share (euro cents)		**1.71**	**2.03**	**(0.99)**	**0.15**

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, refer to note 35.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

38. SIGNIFICANT SHAREHOLDERS

The significant shareholders of the group are:

	Number of shares as at 30 June 2018	**Percentage of shares as at 30 June 2018**
Attacq Limited	146,818,251	22.75%
Argosy	55,841,264	8.65%
Public Investment Corporation	49,504,171	7.67%
	252,163,686	**39.07%**

	Number of shares as at 30 June 2017	**Percentage of shares as at 30 June 2017**
Attacq Limited	146,818,251	30.57%
Argosy	58,550,056	12.19%
STANLIB Asset Management	35,577,283	7.40%
	240,945,590	**50.16%**

39. CAPITAL COMMITMENTS

INVENTORY PROPERTY

The group entered into contracts for the construction and development of the New Waverley office, refer to note 18. These contracts will give rise to committed expenses of £53,092,275 (approximately €59,914,632) (2017: £69,328,267 (approximately €78,840,105) over the next 12 months, which will be capitalised as part of the New Waverley development.

The group entered into contracts for the construction and development of Travelodge at Langley. These contracts will give rise to committed expenses of £4,387,579 (approximately €4,951,383) (2017: £nil) over the next 12 months, which will be capitalised as part of the Langley development.

INVESTMENT PROPERTY

The group entered into a sale and purchase agreement ("SPA") to acquire the entire share capital of a special purpose vehicle that owns the retail centre known as Militari Shopping Centre ("Militari"), located in Bucharest, Romania. The sale was completed on 5 July 2018 for a purchase price of €95,000,000, only €93,800,000 is payable as at the reporting date and the remaining amount of €1,200,000 is payable upon fulfilment of certain conditions precedent to the SPA.

The group entered into a sale and purchase agreement ("SPA") to acquire a retail park and a neighbourhood value centre, both located in Braunschweig, Germany. The sale was completed on 1 August 2018 for a purchase price of €25,000,000.

INVESTMENT IN EQUITY ACCOUNTED INVESTEE

The group has committed to fund PKM Developments through 7.5% cumulative preference shares issued by PKM Developments. During the current year, the group committed to funding up to a total of €350,000,000 (2017: €350,000,000). The outstanding commitment at the reporting date was €250,000,000 (2017: €100,000,000) which is expected to be funded over the next 3 years. The loan commitments have been reviewed and are not considered to be onerous at the reporting date.

40. EVENTS AFTER THE REPORTING DATE

ACQUISITION OF INVESTMENT PROPERTY

On 5 July 2018 the group acquired the share capital of a special purpose vehicle that owns the retail centre known as Militari Shopping Centre ("Militari") for the purchase price of €95,000,000 Militari is located in Bucharest, Romania and has a passing rent of €7,300,000.

On 1 August 2018 the group acquired a retail park and a neighbourhood value centre, both located in Braunschweig, Germany for the purchase price of €25,000,000. Braunschweig has a passing rent of €1,510,000.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

41. OTHER JSE DISCLOSURES

UNAUDITED PROPERTY PROFILE

Property	Property address	Type	Rentable area (sqm)	Vacancy area (sqm)	Passing rent per sqm (Euro)	WALT
Bulgaria						
Galleria portfolio – Burgas	Yanko Komitov Str. 6, Burgas, Bulgaria	Retail	38,222	2,810	138.4	5.9
Galleria portfolio – Stara Zagora	Ulitsa Han Asparuh 30, Stara Zagora, Bulgaria	Retail	25,147	2,273	85.1	3.8
Germany						
Bruchsal	Kaiserstrasse 66, Bruchsal, Germany	Retail	7,103	—	205.8	4.1
Donaueschingen	Bregstrasse, Donauschingen, Germany	Retail	8,235	—	87.4	10.6
Edeka portfolio – Miha	Heidelberger Straße 90, Berlin, Germany	Retail	1,674	—	173.8	13.2
Edeka portfolio – Miha	Flankenschnze 32, Berlin, Germany	Retail	1,432	—	170.4	13.2
Edeka portfolio – Miha	Waldring 190, 110, Haldensleben, Germany	Retail	1,470	—	88.4	13.2
Edeka portfolio – Miha	Bahnhofstraße 12, Holzminden, Germany	Retail	1,924	—	129.4	13.2
Edeka portfolio – Miha	Alte Poststraße 1, Müllrose, Germany	Retail	1,676	—	155.7	13.2
Edeka portfolio – Miha	Erlenweg 3, Nebra, Germany	Retail	1,423	—	98.4	13.2
Edeka portfolio – Miha	Händelstraße 1-2, Zepernick-Panketal, Germany	Retail	1,656	—	140.7	13.2
Edeka portfolio – Miha	Rudolf-Breitscheid-Straße 193, Potsdam, Germany	Retail	2,012	—	119.9	10.2
Edeka portfolio – Miha	Platz des Friedens 10, Sandersdorf, Germany	Retail	1,630	—	130.7	13.2
Edeka portfolio – Miha	Goethepromenade 13, Gröningen, Germany	Retail	1,170	—	78.6	13.3
Edeka portfolio – Miha	Adolf-Meyer-Straße 15, Neinburg, Germany	Retail	989	—	100.1	13.3
Edeka portfolio – Miha	Marktstraße 6, Oldisleben, Germany	Retail	965	—	113.0	13.3
Edeka portfolio – Miha	Hallesche Straße 51 A, Raguhn, Germany	Retail	859	—	101.3	13.3
Edeka portfolio – Miha	Bahnhofstraße 21, Sangerhausen, Germany	Retail	888	—	102.5	13.3
Edeka portfolio – Miha	Hauptstraße 29, Thale-Neinstedt, Germany	Retail	709	—	112.8	13.3
Edeka portfolio – Miha	Am Wiesenhof 147-148, Wilelmshaven, Germany	Retail	995	—	85.4	13.3
Edeka portfolio – Miha	August-Bebel-Damm 25, Magdeburg, Germany	Retail	8,428	—	38.0	13.3
Edeka portfolio – Miha	Otto-von-Guericke-Straße 1A, Magdeburg, Germany	Retail	6,455	—	46.5	13.3
Edeka portfolio – Miha	Westringstraße 179, 181, 193, Dölzig-Schkeuditz, Germany	Retail	9,167	—	40.9	13.3
Edeka portfolio – Miha	Vor dem Weiherbusch 9, Soltau-Tetendorf, Germany	Retail	5,442	—	36.8	13.3
Edeka portfolio – Thales	Alte Schmelze 23, 65201 Wiesbaden	Retail	11,502	—	105.2	12.5
Edeka portfolio – Thales	In der Teichmatt 6, 79689 Maulburg	Retail	4,435	—	78.9	12.5
Edeka portfolio – Thales	Rudolf-Diesel-Strasse 6, 72250 Freudenstadt	Retail	5,908	925	74.5	12.5
Gotha	Schubert-strsse 20, Gotha, Germany	Retail	9,442	—	105.0	8.0
Heppenheim retail park	Tiergartenstrasse 7, Heppenheim, Germany	Retail	16,978	—	111.1	9.5
Lehrte	Germaniastrasse 18, Lehrte, Germany	Retail	9,203	—	82.5	8.6
Munich	Wasserburger, Landstraße 133, Munich	Industrial	13,090	—	67.7	5.5
Toom Portfolio – Frankenthal	Eisenbahnstrasse 77, Frankenthal, Germany	Retail	7,452	—	73.8	10.8

Property	Property address	Type	Rentable area (sqm)	Vacancy area (sqm)	Passing rent per sqm (Euro)	WALT
Toom Portfolio – Gummersbach	Vollmerhauser Strasse 36, Gummersbach, Germany	Retail	10,937	—	100.6	10.8
Toom Portfolio – Nordhausen	Hallesche Strasse 141, Nordhausen, Germany	Retail	6,902	—	79.7	10.8
Poland						
Nova Park	Przemysłowa 2, 66-400 Gorzów Wielkopolski, Poland	Retail	32,683	1,201	179.9	4.3
Switzerland						
Zurich	Mulbachstrasse 41, Zurich, Switzerland	Logistics	5,699	—	197.8	6.3
United Kingdom						
Adagio	New Waverley, Edinburgh (NW), United Kingdom	Hotel/retail	8,499	880	180.3	18.4
Braehead	Old Govan Road, Glasgow (BL), United Kingdom	Industrial	18,476	—	42.6	6.6
Chippenham	Langley Park, Chippenham (CL), United Kingdom	Industrial	39,839	3,476	46,8	7.1
Langley park	Langley Park, Chippenham (LPL), United Kingdom	Residential/ Hotel	9,184	5,751	9.2	1.0
Whitbread and Arches	New Waverley, Edinburgh (NW), United Kingdom	Hotel/retail	8,868	—	239.8	25.2
New Uberior House	9 Earl Grey Street, Edinburgh, United Kingdom	Office	14,718	—	318.1	7.5
North Street Quarter	Phoenix Works, Lewes, United Kingdom	Residential	15,273	7,112	22.6	0.8

UNAUDITED PROPERTY PROFILE

UNAUDITED GEOGRAPHICAL PROFILE

Jurisdiction	Rentable area (sqm)	Rental income (Euro)	Vacancy area (sqm)	Passing rent per sqm (Euro)
Bulgaria	63,369	8,162,439	5,083	117.3
Germany	162,151	14,758,093	925	100.2
Poland	32,683	5,887,000	1,201	179.9
Switzerland	5,699	1,163,780	—	197.8
UK	114,935	7,481,201	17,551	98.0
	378,837	**37,452,513**	**24,760**	**110.8**[1]

UNAUDITED SECTOR PROFILE

Sector	Rentable area (sqm)	Rental income (Euro)	Vacancy area (sqm)	Passing rent per sqm (Euro)
Hotel	15,272	3,259,753	—	216.3
Industrial	65,299	2,830,342	8,542	38.7
Logistics	18,789	2,049,472	—	107.1
Office	16,918	757,736	685	285.2
Residential	16,099	370,870	7,444	19.2
Retail	246,460	28,184,340	8,089	117.6
	378,837	**37,452,513**	**24,760**	**110.8**[1]

[1] Total passing rent divided by total rentable area.

NOTES TO THE CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

UNAUDITED TENANT PROFILE

Category	Number
A	76
B	151
C	439
	666

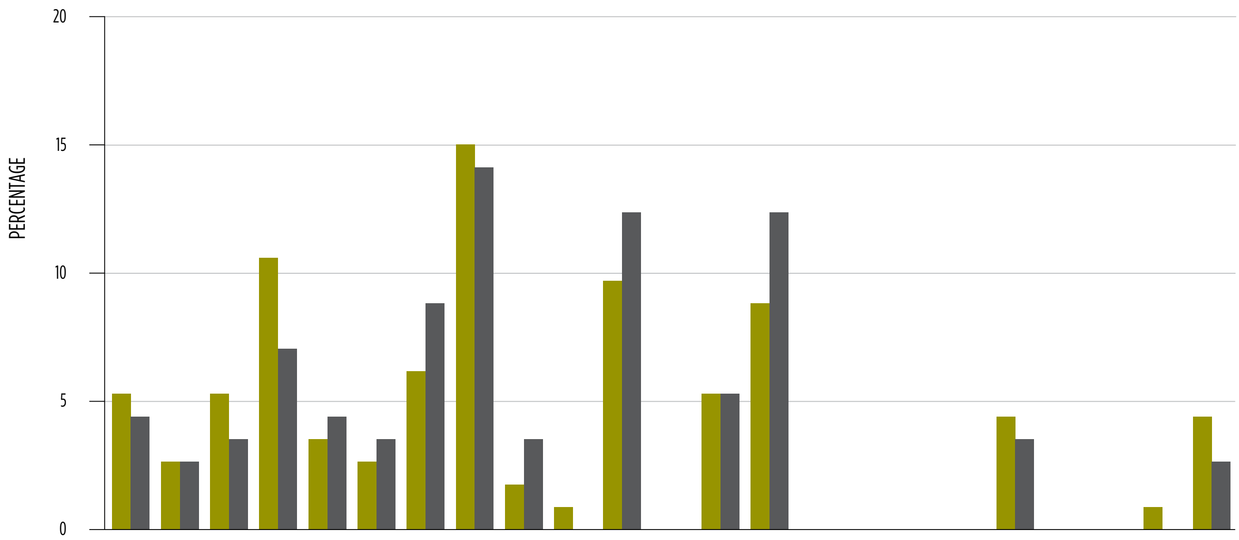
"A": large national tenants, large listed tenants, government and major franchisees;
"B": national tenants, listed tenants, franchisees, medium to large professional firms; and
"C": other

UNAUDITED PORTFOLIO YIELD

Yield	%
Average annualised property yield	7.17

Rental escalations are predominantly index linked or as a percentage of inflation and are not reliably determinable. Accordingly, the group has not provided a weighted average rental escalation profile.

LEASE EXPIRY



	2019/06/30	2020/06/30	2021/06/30	2022/06/30	2023/06/30	2024/06/30	2025/06/30	2026/06/30	2027/06/30	2028/06/30	2029/06/30	2030/06/30	2031/06/30	2032/06/30	2033/06/30	2034/06/30	2035/06/30	2036/06/30	2037/06/30	2038/06/30	2039/06/30	2040/06/30	2041/06/30
Passing rent %	6	3	6	12	4	3	7	17	2	1	11	0	6	10	0	0	0	0	5	0	0	1	5
GLA %	5	3	4	8	5	4	10	16	4	0	14	0	6	14	0	0	0	0	4	0	0	0	3

SHAREHOLDING DISCLOSURES

MAS Real Estate Inc. (the "company")

Public and non-public	**No of shareholders**	**Percentage of total**	**No of shares**	**Percentage of total**
Public	10,033	99.84%	487,870,746	75.60%
Non-public				
Significant shareholders	1	0.01%	146,818,251	22.75%
Directors and their associates	11	0.11%	8,804,801	1.36%
Share scheme participants	4	0.04%	1,850,000	0.29%
Total shareholders	**10,049**	**100%**	**645,343,798**	**100%**

MAJOR SHAREHOLDERS

Name	**Number of shares as at 30 June 2018**	**Percentage of shares as at 30 June 2018**
Attacq Limited	146,818,251	22.75%
Argosy	55,841,264	8.65%
Public Investment Corporation	49,504,171	7.67%
	252,163,686	**39.07%**

Name	**Number of shares as at 30 June 2017**	**Percentage of shares as at 30 June 2017**
Attacq Limited	146,818,251	30.57%
Argosy	58,550,056	12.19%
STANLIB Asset Management	35,577,283	7.40%
	240,945,590	**50.16%**

COMPANY INFORMATION AND ADVISORS

REGISTERED OFFICE IN THE BVI
MAS Real Estate Inc.
Craigmuir Chambers
Road Town, Tortola VG1110
British Virgin Islands

CORRESPONDENCE ADDRESS
MAS Real Estate Inc.
2nd Floor
Clarendon House
Victoria Street
Douglas
Isle of Man
IM1 2LN

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

INDEPENDENT AUDITOR
KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

JSE SPONSOR
Java Capital
2nd Floor
6a Sandown Valley Crescent
Sandown
Sandton, 2196
Johannesburg
South Africa

LUXEMBOURG STOCK EXCHANGE LISTING AGENT
M Partners
56, rue Charles Martel
L-2134 Luxembourg
Grand Duchy of Luxembourg

LUXEMBOURG ADMINISTRATOR
Hoche Partner Trust Services SA
121, Avenue de la Faiencerie
L-1511 Luxembourg
Grand Duchy of Luxembourg

BVI ADMINISTRATOR
Harneys Corporate and Trust
Services Limited
Craigmuir Chambers
Road Town, Tortola VG1110
British Virgin Islands

REGISTRAR/ TRANSFER SECRETARIES

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

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

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

PROPERTY VALUERS

BULGARIA
Forton international (Cushman &
Wakefield LLP)
Polygraphia Office Center
47A Tsarigradsko Shose Blvd
1124 Sofia
Bulgaria

GERMANY
Cushman & Wakefield LLP
Rathenauplatz 1
D-60313 Frankfurt am Main
Germany

JLL
Wilhelm-Leuschner-Strasse 78
D-60329 Frankfurt am Main
Germany

POLAND
Cushmann & Wakefeild LLP
Metropolitan
Plac Pilsudskiego 1
Warsaw, 00-078
Poland

ROMANIA
Cushmann & Wakefeild LLP
Banu Antonache Street
No 40-44, 3rd Floor Sector 1,
Bucharest

SWITZERLAND
Wüest & Partner AG
Bleicherweg 5
CH-8001
Zürich
Switzerland

UK
CBRE
7 Castle Street, Edinburgh,
EH2 3AH

GVA Grimley Limited
Quayside House
127 Fountainbridge
Edinburgh, EH3 9QG

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

SHAREHOLDER INFORMATION

Registered in the British Virgin Islands	Company number 1750199
JSE share code	MSP
SEDOL (EMTF)	B96VLJ5
SEDOL (JSE)	B96TSD2
ISIN	VGG5884M1041
LEI code	213800T1TZPGQ7HS4Q13
Number of shares in issue as at 30 June 2018	645,343,798

DEFINITIONS AND ABBREVIATIONS

BVI	British Virgin Islands
CEE	Central and Eastern Europe
CGU	Cash-generating unit
Company	MAS Real Estate Inc.
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
Direct investment result	The underlying earnings of the group that derive from investment into property and related assets and entities. This includes: net rental income, dividends received, finance income on preference shares, and the related taxation and non-controlling interest adjustments. This excludes: profit on sales of inventory property, exchange differences, changes in fair value, goodwill impairment, investment/transaction expenses not capitalised, related taxation and non-controlling interest adjustments, and deferred taxation. Other adjustments may be made in order to reflect the underlying earnings of the group
Distributable earnings	Distributable earnings is the Direct investment result, adjusted for company specific adjustments made to reflect the underlying earnings of the group. This final number is adjusted for the dilutionary impact of shares issued during the period
Distributable earnings per share	Distributable earnings before the impact of shares issued during the period divided by the basic weighted average number of shares in issue
Distribution per share	The distribution per share to be paid to shareholders as determined by the directors at their discretion. The group's policy is to pay out all distributable earnings per share on a semi-annual basis, as well as capital or other profits as the directors may, at their discretion determine
EPRA	European Public Real Estate Association
EPRA Net Asset Value	IFRS net assets adjusted for the dilutive impact of share options, deferred taxation on property and derivative valuations and the mark-to-market of effective cash flow hedges and related adjustments, as prescribed by EPRA
EPRA NAV per share	EPRA Net Asset Value divided by the IFRS diluted number of shares in issue at the end of the period
ERV	Estimated rental value
FVTPL	Fair value through profit and loss
GLA	Gross leasable area
Group	MAS Real Estate Inc. and its subsidiaries
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards as issued by the IASB
IFRS NAV per share	IFRS Net Asset Value divided by the IFRS basic number of shares in issue at the end of the period. For clarity ths excludes the geared share purchase plan shares
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

Indirect investment result	The earnings of the group that do not relate to underlying operational activities. This includes the earnings excluded from the Direct investment result, including profit on sales of inventory property, exchange differences, changes in fair value, goodwill impairment, investment/transaction expenses not capitalised, related taxation and non-controlling interest adjustments, and deferred taxation
Investment property	Income-generating property, Development property and Land-Bank
IOM	Isle of Man
JSE	Johannesburg Stock Exchange
Land bank	Land plots held for schemes that have not yet commenced and residential developments
Land bank and inventory	Land plots held for schemes that have not yet commenced, residential developments and Inventory property
Lease incentives	Incentives offered to lessees to enter into a lease, typically in the form of a rent-free period or cash contribution towards fit-out costs
Loan to value (LTV)	Loan to value (LTV) is the ratio of the nominal value of debt net of cash and equivalents to the aggregate value of property assets, including investment property held for sale, equity accounted investments, preference share investments and listed investments (REIT portfolio)
LuxSE	Luxembourg Stock Exchange
Median daily share volume	The median number of shares traded per day during the financial period on the JSE
NAV	Net asset value
PKM Developments	PKM Development Limited
REIT	Investment in listed real estate equity securities
Scrip distribution	Distributions elected to be received in the form of shares in the company, typically paid as a return of capital
WE	Western Europe
WALT	Weighted average lease term across the portfolio weighted by passing rent
WACD	Weighted average cost of debt

MAS REAL ESTATE INC

www.masrei.com