MAS REAL ESTATE INC

Condensed preliminary consolidated financial statements for the year ended 30 June 2016

Definitions and abbreviations

Adjusted NAV	NAV less deferred taxation assets plus deferred taxation liabilities
Attacq	Attacq Limited
BVI	British Virgin Islands
CEE	Central and Eastern Europe
CGU	Cash Generating Unit
company	MAS Real Estate Inc.
Corona	Corona Real Estate Partners Limited
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EMI	EMI Group Limited, an external party to MAS
FVTPL	Fair Value Through Profit or Loss
group	the company and its subsidiaries
group entities	Subsidiaries of the company
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
JSE	Johannesburg Stock Exchange
Karoo Fund	Karoo Investment Fund S.C.A. SICAV-SIF
LuxSE	Luxembourg Stock Exchange
MAS	the company and its subsidiaries
MAS Prop	MAS Property Advisors Limited
NAV	Net Asset Value
NW Advisers	New Waverley Advisers Limited
NW Holdings	New Waverley Holdings Limited
PKM	PKM Development Limited
Sauchiehall	Sauchiehall Street Properties 1 Limited
Sirius	Sirius Real Estate Limited
SPA	Sale and Purchase Agreement
WALT	Weighted Average Lease Term

Report of the directors

For the year ended 30 June 2016

Overview

Substantial progress has been made on many fronts in the organisation during the reporting period. Of particular significance is the updated strategy of the group, which focuses on delivering a high quality and growing income distribution per share.

The portfolio is coming of age, with substantial developments delivered on time and on budget, and available equity being deployed into income-generating acquisitions. The release of equity from the financial investment portfolio has added to the capital required to continue to grow the portfolio.

The quality of the income-generating portfolio, with nearly 80% of passing rent representing A-grade tenants and a WALT of 12,3 years, ensures the sustainability of earnings and access to long-term funding on attractive terms. The current low portfolio LTV of 12,4%, and target portfolio LTV of 40%-50%, positions the group to enter a long period of high earnings per share growth, benefiting from accretive acquisitions and developments.

We aim to achieve our strategy by acquiring carefully selected assets and delivering on development plans, funded through an optimal mix of increased gearing, recycling of assets and opportune but limited capital raises. As successful developments generally have a temporary dampening effect on per share distributions, compensated by a substantially higher contribution to distribution growth in the long-run, we plan to use our reserves to offset this effect to deliver a smoother distribution growth path to investors.

Distributions

The directors are pleased to propose a final distribution of 2,23 euro cents per share, bringing the distribution for the year to 4,50 euro cents per share. This represents an increase of 34% on the previous year. Details of the distribution will follow in due course.

Geographical focus and partnership with Prime Kapital

Asset prices in western Europe have increased in recent years and acquisition opportunities that offer an attractive return on equity are harder to find. Our focus in western Europe is therefore now on opportunities that can deliver substantial value through active asset management, development and re-development.

Although assets in CEE markets have also increased in price, attractive opportunities are still available that are backed by a combination of relatively high initial acquisition yields, substantial growth prospects and attractive debt terms. Even more appealing is the development market, which is supported by rapidly expanding purchasing power and, in some cases, sub-optimally designed or undersized existing assets which are ripe for re-development or displacement.

Accordingly, we have embarked upon expansion into the growing economies of CEE. To facilitate the expansion, we have partnered with Prime Kapital, a management team with exceptional development, investment and financing experience in these markets. MAS has invested €20 million in return for a 40% equity stake in a development joint venture, and aims to invest a further €200 million in 7,5% preference shares. Good progress has already been made, with land having been acquired and further pipeline under exclusivity.

Asset class focus

MAS' strategy is to generate sustainable and growing distributable income per share by acquiring, developing and operating retail, office, industrial and hotel assets. Where exceptional opportunities arise, the group will embark on mixed-use or residential developments with a view to either generating recurring income, such as leasing the assets to universities as student campuses, or disposing of the residential component for capital gains once the land is zoned.

Inclusion in the SAPY index of the JSE

The inclusion of MAS in the SAPY index is evidence of the continued growth of the portfolio. This inclusion has significantly improved the volume and liquidity of the trading in its shares, increasing the pool of potential investors.

Highlights

INCREASE IN ANNUAL DISTRIBUTION PER SHARE OF

34%

INCREASE IN RENTAL INCOME OF

63%

UPDATED STRATEGY TO INCLUDE CEE EXPANSION

PRIME KAPITAL

SECURED KEY JOINT VENTURE PARTNERSHIP WITH PRIME KAPITAL

COMPLETED WHITBREAD HOTELS AND ASSOCIATED RETAIL UNITS

ENTERED SAPY INDEX

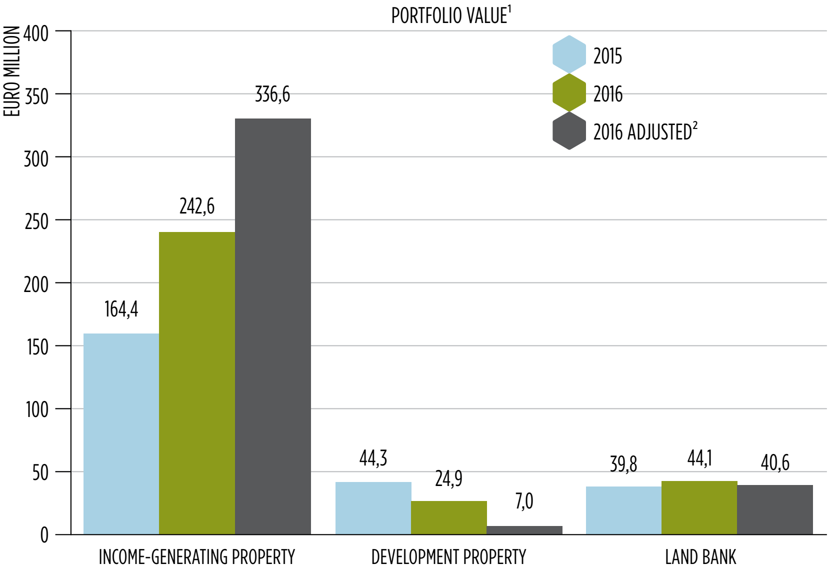
SUCCESSFULLY RAISED

ZAR 1,2 BILLION

EQUITY

Report of the directors (continued)

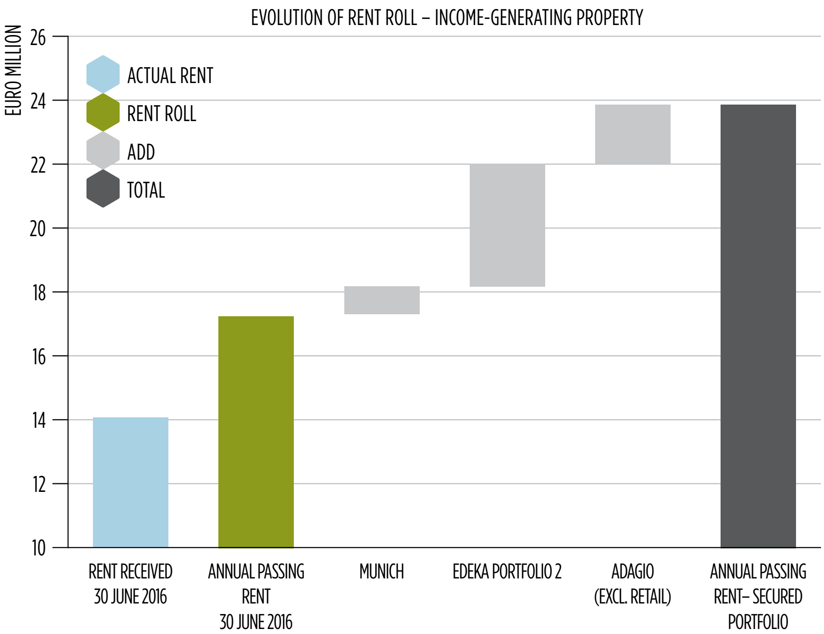
For the year ended 30 June 2016



[1] Figures extracted from the management accounts, which account for the Prime Kapital investment on a proportionate consolidation basis.

[2] Adjusted includes the following: Munich property, acquired in August 2016; Edeka portfolio 2, acquired in August 2016; and the Adagio hotel and associated retail, that is part of Phase I at New Waverley and completes at the end of this calendar year.

The 2016 adjusted portfolio value computation constitutes pro forma financial information in terms of the JSE Listings Requirements and has been prepared on the assumptions detailed above in footnotes 1 and 2. KPMG Inc., has provided a reasonable assurance report on the above information which is available for inspection at the registered offices of the company.



The adjusted passing rent computation constitutes pro forma financial information in terms of the JSE Listings Requirements. The adjusted passing rent has been derived by including the Munich property rental, Edeka portfolio 2 rental and the Adagio rental. KPMG Inc., has provided a reasonable assurance report on the above information which is available for inspection at the registered offices of the company.

Income-generating property

Income-generating property has grown by €78,2 million to €242,6 million, with the acquisition of the Lehrte property in late 2015; the completion of the 2 Whitbread hotels and associated retail from phase 1 at New Waverley in February 2016; and the acquisition of the Edeka portfolio 1 at the end of the current financial year. The New Waverley hotels are trading particularly well, with exceptionally high occupancy levels, as are the retail tenants, which is a positive indicator for the future lettings and operational success of the next phases of the development.

After year-end we completed the acquisition of the Munich property and the Edeka portfolio 2. The Munich property is let to Volkswagen, and has the potential to be an exciting redevelopment play in the years to come, but for now we will benefit from strong income from an excellent covenant. The Edeka portfolio 2, which comprises 20 supermarkets in north east Germany, also provides strong income returns.

Passing rent will be further enhanced by the completion of the Adagio hotel at New Waverley towards the end of this calendar year. The evolution of secured passing rent, including the pipeline above is shown to the left.

In addition to the above, further accretive income generating assets are expected to be acquired in the coming months, which will continue to increase passing rent meaningfully.

Development portfolio

The development portfolio currently comprises: New Waverley Phase 1 (Adagio and associated retail); New Waverley Phase 2; and the budget hotel component of Langley Park.

Phase 1 of the New Waverley project has progressed particularly well, and is set to deliver the Adagio hotel and associated retail at the end of this calendar year. Phase 2 is in the final stages of design preparation, in which a number of attractive occupier and building combinations for the scheme are being considered.

The development portfolio is expected to increase substantially in the coming months as the CEE developments come on stream.

Report of the directors (continued)

For the year ended 30 June 2016

Land bank
The land bank currently consists of residential elements of the developments at New Waverley, North Street Quarter and Langley Park. Planning permission is in place at both New Waverley and North Street Quarter, and has been applied for at Langley Park. The group continues to assess its options in respect of these projects in line with our asset class focused approach.

Financial investments
Financial investments have been an important category for MAS over the last few years, and one from which the group has benefitted substantially. The Karoo Fund investment has returned a net gain of €28,4 million to the group, and the Sirius investment a further unrealised €9,3 million gain to the year end, in addition to €1,7 million received in the form of Sirius dividends. However, the Karoo Fund redeemed in January, whereby we received a final cash distribution, and an in-specie distribution of Sirius shares, and we successfully placed 60 million Sirius shares in the market shortly after year-end. The proceeds of this are being allocated to further accretive income-generating and development opportunities.

Debt
Loan to value levels have been very low in recent years, as the group has embarked upon initially investing the cash on the balance sheet. Now that the equity has been spent, the gearing programme is in full swing, which should see the loan to value levels approach 35-40% by the end of the next financial year. Subsequent to year end, €54,6 million has been drawn down or firmly committed, and the group has negotiated extensive further facilities that will be drawn down in the coming months.

Equity
MAS raised €38 million in a successful placement of shares in April of this year, and a further €32 million in July, shortly after the year-end. The rationale for these capital raises was to allow MAS to acquire further earnings accretive pipeline assets that are now under exclusivity.

Financial review
In order to assist the readers of these financial statements to better understand the underlying income-generating capability of the business, management accounts have been included together with these results. These management accounts proportionately consolidate investees in which the group exhibits significant influence. As a result, particular line items in the distribution income statement and summarised statement of financial position will differ from those reported under IFRS. In addition, the management account classifies items of income and expense as direct and indirect investment result. The direct result represents the underlying distributable earnings generated by the portfolio.

The UK's Brexit vote occurred on 23 June, just a week before year-end. Consequently, the sterling collapsed against the euro, resulting in foreign exchange losses being incurred by the group. The key driver of these exchange differences is the depreciation in euro terms of the investment property held in sterling. As the group takes a basket-of-currencies approach and does not hedge between sterling, Swiss franc and the base currency, euro, such exchange differences do not relate to the underlying operations of the business and are therefore excluded from the computation of distributable earnings. However, underlying gearing in local currencies mitigates the effects of currency movements on the capital base. As the euro-denominated capital exposure continues to grow as a percentage of the overall portfolio, we would expect the exposure of currency movements to reduce further.

MAS RAISED €38 MILLION IN A SUCCESSFUL PLACEMENT OF SHARES IN APRIL OF THIS YEAR, AND A FURTHER €32 MILLION IN JULY, SHORTLY AFTER THE YEAR-END

Report of the directors (continued)

For the year ended 30 June 2016

MANAGEMENT ACCOUNTS

Purpose and basis of preparation

In order to provide information of relevance to investors and a meaningful basis of comparison for users of the financial information, unaudited management accounts have been prepared and presented below, in conjunction with condensed preliminary consolidated financial statements set out in pages 8 to 40. The directors consider that the management accounts better reflects the performance of the group. In terms of section 8.15 of the JSE Listings Requirements, the management accounts constitutes pro forma financial information and the company is therefore required to comply with the requirements of sections 8.16 to 8.34 of the Listings Requirements on Pro forma Financial Information, revised and issued in September 2014.

The management accounts diverge from IFRS as they account for associates using the proportionate consolidation method, as opposed to the equity accounting method embodied in the condensed preliminary consolidated financial statements in accordance with IFRS.

Director's responsibility

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

KPMG Inc. has provided a reasonable assurance report on the management accounts which is available for inspection at the head office of the company.

Distribution income statement

Euro	Year ended 30 June 2016	Year ended 30 June 2015
Rental income	**14 203 699**	**8 733 519**
Net service charges and property operating expenses	(1 989 426)	(2 815 813)
- Service charge income and other recoveries	2 047 322	589 637
- Service charges and other property operating expenses	(4 036 748)	(3 405 450)
Net rental income	**12 214 273**	**5 917 706**
Other income	1 717 829	—
Corporate expenses	(3 203 472)	(1 767 154)
Net operating income	**10 728 630**	**4 150 552**
Net finance costs	(355 990)	(576 698)
– Finance income	433 132	4 676
– Finance costs	(817 928)	(581 374)
– Interest capitalised on development property	28 806	—
Current taxation	(684 749)	(371 447)
Direct investment result	**9 687 891**	**3 202 407**
Fair value adjustments	6 431 719	27 877 364
Investment expenses	(2 202 144)	(537 417)
Other income	637 552	—
Currency differences	(12 913 210)	17 660 295
Deferred taxation	(143 776)	272 259
Indirect investment result	**(8 189 859)**	**45 272 501**
IFRS net profit (direct plus indirect result)	**1 498 032**	**48 474 908**
Earnings per share (euro cents)	0,49	16,87
Diluted earnings per share (euro cents)	0,49	16.87

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

Report of the directors (continued)

For the year ended 30 June 2016

MANAGEMENT ACCOUNTS (continued)

Summarised statement of financial position

Euro	As at 30 June 2016	As at 30 June 2015
Investment property	311 613 772	248 538 806
– Income-generating property	242 625 172	164 390 518
– Development property	24 907 797	44 335 117
– Land bank	44 080 803	39 813 171
Financial investments	51 614 068	82 173 737
Goodwill	25 262 818	29 351 139
Deferred taxation asset	721 292	737 015
Trade and other receivables	11 313 808	4 527 803
Other assets	241 083	15 136
Cash and cash equivalents	66 946 902	45 111 775
Total assets	**467 713 743**	**410 455 411**
Shareholders' equity	**400 844 952**	**353 140 598**
Interest bearing borrowings	44 578 595	15 747 889
Financial instruments	12 543 033	35 627 918
Deferred taxation liability	1 242 741	1 143 646
Trade and other payables	8 405 586	4 795 360
Other liabilities	98 836	–
Total liabilities	**66 868 791**	**57 314 813**
Total shareholders' equity and liabilities	**467 713 743**	**410 455 411**
Actual number of ordinary shares in issue	348 625 219	291 787 889
NAV per share (euro cents)	115,0	121,0
Adjusted NAV per share (euro cents)[3]	115,1	121,2

[3] Net asset value per share as adjusted for deferred tax

Basis of Distribution

Euro	Year ended 30 June 2016	Year ended 30 June 2015
Direct investment result	9 687 891	3 202 407
Other specific adjustments	1 698 750	(81 932)[4]
Adjustment relating to shares issued during period	1 568 915	49 096
Distributable earnings	**12 955 556**	**3 169 571**
Distribution from reserves	2 750 000	6 618 272
Total distribution	**15 705 556**	**9 787 843**
Closing number of shares	348 625 219	291 787 889
Final distribution (euro cents per share)	2,23	2,20
Interim distribution (euro cents per share)	2,27	1,15
Total distribution (euro cents per share)	**4,50**	**3,35**

[4] In order to align with industry peers, the board of directors has refined the methodology for computing distributable earnings, upon which the level of distribution is based. In the prior year the difference between the core income methodology used and the updated direct investment result methodology amounts to €81 932. This has been included in other specific adjustments to reconcile the distributable earnings to core income in the previous year.

Report of the directors (continued)

For the year ended 30 June 2016

Outlook

The 2016 results have resulted in a substantially increased distribution per share for the year. Importantly, the group is now in the final stages of completing its initial portfolio construction, and shareholders will start to benefit from the effects of an efficiently invested, and optimally geared, portfolio. The board is confident that the group is well positioned for strong distribution per share growth in the reporting periods to follow. Whilst remaining vigilant towards movements in our investment markets, we are excited at the prospect of our expansion strategy, and the performance that this will generate in the years to come.

Assurance

These condensed preliminary consolidated financial statements for the year ended 30 June 2016 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. The pro forma financial information contained within these condensed preliminary consolidated financial statements for the year ended 30 June 2016 has been reviewed by KPMG Inc.

Shareholders are advised that in order to obtain a full understanding of the nature of the auditor's engagement and the reporting accountant's review engagement regarding pro forma financial information they should obtain a copy of the auditor's review report and the reasonable assurance report from the company's head office together with the financial statements identified in the auditor's report.

Reporting currency

The company's results are reported in euros.

Listings

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

Directors and changes thereto

Ron Spencer (non-executive chairman)
Lukas Nakos (chief executive officer)
Malcolm Levy (chief financial officer)
Jonathan Knight (chief investment officer)
Gideon Oosthuizen (non-executive)
Pierre Goosen (non-executive) – Dewald Joubert (alternate non-executive director to Pierre Goosen) resigned on 10 March 2016
Morne Wilken (non-executive)
Jaco Jansen (non-executive)

By order of the board

Lukas Nakos
Chief Executive Officer

Douglas, Isle of Man
8 September 2016

Condensed consolidated statement of profit or loss

For the year ended 30 June 2016

Euro	Note	Year ended 30 June 2016	Year ended 30 June 2015 Restated*
Rental income		14 203 699	8 733 519
Service charge income and other recoveries		2 047 322	589 637
Revenue		**16 251 021**	**9 323 156**
Service charges and other property operating expenses		(4 036 748)	(3 405 450)
Net rental income		**12 214 273**	**5 917 706**
Other income		2 355 381	—
Corporate expenses		(3 188 770)	(1 767 154)
Investment expenses		(2 159 964)	(537 417)
Net operating income		**9 220 920**	**3 613 135**
Fair value adjustments	3	6 431 719	27 877 364
Exchange differences	4	(12 913 210)	17 660 295
Share of loss from equity accounted investees, net of tax	9	(31 908)	—
Profit before finance income/(costs)		**2 707 521**	**49 150 794**
Finance income		392 801	4 676
Finance costs		(773 765)	(581 374)
Profit before taxation		**2 326 557**	**48 574 096**
Taxation	5	(828 525)	(99 188)
Profit for the year		**1 498 032**	**48 474 908**
Earnings per share (euro cents)	15	0,49	16,87
Diluted earnings per share (euro cents)	15	0,49	16,87

* Restated as a result of reclassifications, with no impact on profit or loss, see note 16.

The notes on pages 13 to 40 form part of these condensed preliminary consolidated financial statements.

Condensed consolidated statement of other comprehensive income

For the year ended 30 June 2016

Euro	Note	Year ended 30 June 2016	Year ended 30 June 2015
Profit for the year		**1 498 032**	**48 474 908**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation difference, net of tax		(12 387 307)	6 575 768
Total comprehensive (loss)/income for the year		**(10 889 275)**	**55 050 676**

The notes on pages 13 to 40 form part of these condensed preliminary consolidated financial statements.

Condensed consolidated statement of financial position

For the year ended 30 June 2016

Euro	Note	As at 30 June 2016	As at 30 June 2015 Restated*	As at 30 June 2014
Non-current assets				
Goodwill	6	25 262 818	29 351 139	1 371 537
Investment property	7	306 996 079	248 538 806	64 751 842
Financial investments	8	—	12 346 864	35 743 617
Investment in equity accounted investees	9	19 991 716	—	—
Property, plant and equipment		241 083	15 136	—
Deferred taxation asset		721 292	737 015	52 886
Total non-current assets		**353 212 988**	**290 988 960**	**101 919 882**
Current assets				
Financial investments	8	51 614 068	69 826 873	—
Trade and other receivables		11 264 083	4 527 803	2 270 221
Cash and cash equivalents		47 997 978	45 111 775	205 800 188
Assets held for sale		3 515 237	—	—
Total current assets		**114 391 366**	**119 466 451**	**208 070 409**
Total assets		**467 604 354**	**410 455 411**	**309 990 291**
Equity				
Share capital	10	378 530 556	305 671 992	289 978 080
Retained earnings/(loss)		27 503 007	40 269 910	(1 276 580)
Foreign currency translation reserve		(5 188 611)	7 198 696	622 928
Shareholders' equity		**400 844 952**	**353 140 598**	**289 324 428**
Non-current liabilities				
Interest bearing borrowings	11	43 227 831	14 779 769	14 340 752
Financial instruments	12	5 396 943	6 545 482	2 104 606
Deferred taxation liability		1 242 741	1 143 646	926 285
Total non-current liabilities		**49 867 515**	**22 468 897**	**17 371 643**
Current liabilities				
Interest bearing borrowings	11	1 350 764	968 120	1 757 425
Financial instruments	12	7 146 090	29 082 436	—
Trade and other payables		8 296 197	4 795 360	1 536 795
Provisions		98 836	—	—
Total current liabilities		**16 891 887**	**34 845 916**	**3 294 220**
Total liabilities		**66 759 402**	**57 314 813**	**20 665 863**
Total shareholders' equity and liabilities		**467 604 354**	**410 455 411**	**309 990 291**
Actual number of ordinary shares in issue	10	348 625 219	291 787 889	279 483 999
NAV per share (euro cents)		115,0	121,0	103,5
Adjusted NAV per share (euro cents)		115,1	121,2	103,8

* Restated as a result of reclassifications, with no impact on NAV, see note 16.

The notes on pages 13 to 40 form part of these condensed preliminary consolidated financial statements.

These condensed preliminary consolidated financial statements were approved by the board of directors, and signed on 8 September 2016 on their behalf by:

Ron Spencer
Chairman

Malcolm Levy
Chief financial officer

Condensed consolidated statement of changes in equity

For the year ended 30 June 2016

Euro	Note	Share capital	Retained Earnings/ (loss)	Foreign currency translation reserve	Total
Balance at 30 June 2014		**289 978 080**	**(1 276 580)**	**622 928**	**289 324 428**
Comprehensive income for the year					
Profit for the year		—	48 474 908	—	**48 474 908**
Other comprehensive income		—	—	6 575 768	**6 575 768**
Total comprehensive income for the year		**—**	**48 474 908**	**6 575 768**	**55 050 676**
Transactions with the owners of the group					
Issue of shares	10	15 693 912	—	—	**15 693 912**
Distributions	10	—	(6 928 418)	—	**(6 928 418)**
Total transactions with the owners of the group		**15 693 912**	**(6 928 418)**	**—**	**8 765 494**
Balance at 30 June 2015		**305 671 992**	**40 269 910**	**7 198 696**	**353 140 598**
Comprehensive income for the year					
Profit for the year		—	1 498 032	—	**1 498 032**
Other comprehensive loss		—	—	(12 387 307)	**(12 387 307)**
Total comprehensive (loss) for the year		**—**	**1 498 032**	**(12 387 307)**	**(10 889 275)**
Transactions with the owners of the group					
Issue of shares	10	72 858 564	—	—	**72 858 564**
Distributions	10	—	(14 264 935)	—	**(14 264 935)**
Total transactions with the owners of the group		**72 858 564**	**(14 264 935)**	**—**	**58 593 629**
Balance at 30 June 2016		**378 530 556**	**27 503 007**	**(5 188 611)**	**400 844 952**

The notes on pages 13 to 40 form part of these condensed preliminary consolidated financial statements.

Condensed consolidated statement of cash flows

For the year ended 30 June 2016

Euro	Note	Year ended 30 June 2016	Year ended 30 June 2015 Restated*
Profit for the year		**1 498 032**	**48 474 908**
Adjustments for:			
Depreciation		35 535	18 884
Provisions		98 836	—
Fair value adjustments	3	(6 431 719)	(27 877 364)
Exchange differences		12 913 210	(17 660 295)
Finance income		(392 801)	(4 676)
Finance costs		773 765	581 374
Share of loss from equity accounted investees	9	31 908	—
Taxation expense	5	828 525	99 188
Changes in:			
Trade and other receivables		(6 736 280)	(2 257 582)
Trade and other payables		3 500 837	3 258 565
Cash generated from operating activities		**6 119 848**	**4 633 002**
Taxation paid		(310 994)	(371 447)
Net cash from operating activities		**5 808 854**	**4 261 555**
Investing activities			
Acquisition of investment property	7	(37 439 245)	(131 572 515)
Capitalised acquisition costs on investment property	7	(4 578 229)	(8 681 404)
Capitalised expenditure on investment property	7	(38 016 628)	(22 378 542)
Settlement of investment property acquisition retentions	12	(255 755)	—
Acquisition of subsidiary net of cash acquired		—	(12 500 000)
Acquisition of financial investments	8	—	(40 178 432)
Acquisition of equity accounted investee	9	(20 023 624)	—
Acquisition of property, plant and equipment		(263 591)	—
Issue of short term loans receivable	14	(18 920 000)	—
Proceeds from the sale of financial investments	8	40 376 739	51 910 765
Proceeds from the sale of investment property	7	1 814 850	—
Proceeds from the repayment of short term loans receivable		19 918 247	—
Interest paid on cash and equivalents		(3 522)	—
Interest received		392 801	4 676
Cash used in investing activities		**(56 997 957)**	**(163 395 452)**
Financing activities			
Proceeds from the issue of share capital	10	37 676 095	—
Proceeds from interest bearing borrowings	11	30 550 000	—
Transaction costs related to interest bearing borrowings	11	(412 345)	—
Repayment of interest bearing borrowings	11	—	(969 927)
Payment of amortisation on interest bearing borrowings	11	(922 638)	(819 723)
Interest paid on interest bearing borrowings	11	(827 855)	(581 374)
Distributions paid		(7 238 795)	(3 721 477)
Cash generated from/(used in) financing activities		**58 824 462**	**(6 092 501)**
Net increase/(decrease) in cash and equivalents		7 635 359	(165 226 398)
Cash and cash equivalents at the beginning of the year		45 111 775	205 800 188
Effect of movements in exchange rate fluctuations on cash held		(4 749 156)	4 537 985
Cash and cash equivalents at the end of the year		**47 997 978**	**45 111 775**

* Restated as a result of reclassifications, with no net impact on cash and cash equivalents, see note 16.

The notes on pages 13 to 40 form part of these condensed preliminary consolidated financial statements.

Notes to the condensed consolidated financial statements

For the year ended 30 June 2016

1. Basis of preparation

Statement of compliance

These condensed preliminary consolidated financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34: Interim Financial Reporting, the JSE Listings Requirements, LuxSE rules and regulations and applicable legal and regulatory requirements of the BVI Companies Act 2004. These condensed preliminary consolidated financial statements do not include all the information required by a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2015.

Reclassification

In the current year the group has classified some items in the consolidated statement of financial position, the consolidated statement of profit or loss, and the consolidated statement of cash flows differently to the prior year. To aid comparability the prior year comparatives have been restated, see note 16.

New and amended standards and interpretations not yet adopted

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

Amendments/improvements to standards and interpretations not yet effective	IASB effective for annual periods beginning on or after
Disclosure initiative (Amendments to IAS 7)	1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 (2014) Financial instruments	1 January 2018
Classification and measurement of share-based payment transactions (Amendments to IFRS 2)	1 January 2018
IFRS 16 Leases	1 January 2019

The directors have not yet assessed the impact of adopting these standards and interpretations.

2. General and significant accounting policies

Other than as outlined below, the accounting policies applied in the preparation of these condensed preliminary consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 30 June 2015.

The following new accounting policy has been applied in the period:

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through their sale rather than through continuing use, and the following criteria are met:
- Management is committed to 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.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. However, the measurement provisions of IFRS 5: Non current assets held for sale and discontinued operations do not apply to investment property, which continues to be measured at fair value in accordance with groups accounting policy for investment property.

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

3. Fair value adjustments

The group's fair value adjustments comprise:

Euro	Note	Year ended 30 June 2016	Year ended 30 June 2015 Restated*
Fair value adjustments			
– Investment property		(3 088 606)	5 718 442
– Financial investments		12 938 105	51 087 922
– Financial instruments		(3 417 780)	(28 929 000)
		6 431 719	**27 877 364**
Detailed as follows:			
Fair value of investment property			
Income-generating	7	(1 764 630)	(9 163 196)
Development	7	(2 103 869)	14 881 638
Land bank	7	779 893	—
		(3 088 606)	**5 718 442**
Fair value of financial investments			
Karoo Fund	8	6 130 579	45 651 311
Sirius	8	6 807 526	1 134 917
Treasury investments	8	—	4 301 694
		12 938 105	**51 087 922**
Fair value of financial instruments			
Interest rate swaps		(493 594)	(312 488)
Attacq Limited financial liability	12	(4 032 584)	(24 896 101)
Development management fee	12	(1 092 047)	(1 488 165)
Priority participating profit dividend	12	2 200 445	(2 232 246)
		(3 417 780)	**(28 929 000)**

*Fair value adjustments disclosed in the prior year as Treasury investments have been reclassified to Fair value of financial investments and are included within Sirius to aid comparability with the classifications in the current year, see notes 8 and 16.

4. Exchange differences

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 and Swiss franc. As a result, exchange differences arise predominantly from the intra-group loans of foreign operations. In the current year, this totalled a loss of €12 913 210 (2015: €17 660 295 gain).

5. Taxation

The group's current taxation charge and deferred taxation is as follows:

Euro	Year ended 30 June 2016	Year ended 30 June 2015
Current taxation	(684 749)	(371 447)
Deferred taxation (expense)/income	(143 776)	272 259
Taxation expense	**(828 525)**	**(99 188)**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

6. Goodwill

The group's goodwill comprises:

Euro	As at 30 June 2016	As at 30 June 2015
New Waverley 10 Limited	1 361 802	1 582 184
MAS Prop	23 901 016	27 768 955
	25 262 818	**29 351 139**

Reconciliation of the group's carrying amount of goodwill:

Euro	MAS Prop	New Waverley 10 Limited	Total
Cost			
Balance at 30 June 2014	**—**	**1 371 537**	**1 371 537**
Acquisition of subsidiary	24 970 329	—	24 970 329
Foreign currency translation difference in OCI	2 798 626	210 647	3 009 273
Balance at 30 June 2015	**27 768 955**	**1 582 184**	**29 351 139**
Foreign currency translation difference in OCI	(3 867 939)	(220 382)	(4 088 321)
Balance at 30 June 2016	**23 901 016**	**1 361 802**	**25 262 818**
Accumulated impairment losses			
Balance at 30 June 2014	**—**	**—**	**—**
Balance at 30 June 2015	**—**	**—**	**—**
Balance at 30 June 2016	**—**	**—**	**—**
Carrying amount			
Balance at 30 June 2014	**—**	**1 371 537**	**1 371 537**
Balance at 30 June 2015	**27 768 955**	**1 582 184**	**29 351 139**
Balance at 30 June 2016	**23 901 016**	**1 361 802**	**25 262 818**

The goodwill arising on acquisitions in prior periods has been recognised as follows:

	MAS Prop		New Waverley 10 Limited	
	Sterling	Euro	Sterling	Euro
Consideration transferred	19 778 012	25 000 000	6 586 667	7 719 052
Fair value of identifiable net assets	(23 473)	(29 671)	(2 430 232)	(2 823 930)
Additional debt acquired	—	—	(3 941 686)	(4 580 239)
Movement in foreign currency translation reserve	—	—	—	(1 695)
Fair value of pre-existing interest in New Waverley 10 Limited	—	—	910 799	1 058 349
	19 754 539	**24 970 329**	**1 125 548**	**1 371 537**

Impairment

The group's recoverable amounts of its CGU's are determined to be value in use as it is greater than fair value less costs to sell.

New Waverley 10 Limited

No impairment charge arose as a result of the group's annual impairment test of goodwill in relation to New Waverley 10 Limited (2015: €nil).

The recoverable amount of the New Waverley 10 Limited CGU has been determined based upon independent external third party valuation for the element of the site in an advanced stage of construction and development appraisals from the group's quantity surveyors for elements of the site which are still in the process of being finalised.

Management has determined that a reasonably possible change to the key assumptions would not result in an impairment.

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

6. Goodwill (continued)

MAS Prop

No impairment charge arose as a result of the group's annual impairment test of goodwill in relation to MAS Prop (2015: €nil).

The recoverable amount of the MAS Prop CGU was based on the value in use, as determined using a discounted cash flow. The cash flow was forecast for a period of 8 years (2015: 9 years), which is the remaining term of the 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 in the impairment assessment:

Inputs	As at 30 June 2016	As at 30 June 2015
Pre-tax discount rate	6,68%	7,51%
Annual increase in revenue	7,00% – 11,00%	5,00% – 6,00%
Annual increase in operating expenses	4,00% – 6,00%	5,00%
Budgeted period	8 years	9 years

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.

7. Investment property

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 angles on these properties, which could further enhance income returns.
Development property	Property that is being developed in order to create income producing property held for the purpose of earning a better yield than by acquiring standing property.
Land bank	Land plots held for schemes that have not yet commenced, and residential developments.

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

	As at 30 June 2016			As at 30 June 2015		
Euro	Fair value	Cost	Total	Fair value	Cost	Total
Income-generating property	242 625 172	—	**242 625 172**	164 390 518	—	**164 390 518**
Development property	17 927 863	4 502 390	**22 430 253**	35 288 845	7 618 598	**42 907 443**
Land bank	—	41 940 654	**41 940 654**	—	41 240 845	**41 240 845**
	260 553 035	**46 443 044**	**306 996 079**	**199 679 363**	**48 859 443**	**248 538 806**

Reconciliation of investment property

The group's investment property is measured at fair value, where fair value cannot be determined reliably as a result of a development being in the early stages, but the group expects that the fair value will be reliably determinable when construction is further progressed, the group measures such properties at cost less impairment until such point in time that the fair value becomes reliably determinable. Investment property is situated in three jurisdictions (UK, Germany and Switzerland). The group has an investment in an associate in CEE through partners Prime Kapital. This has been included within Investments in equity accounted investees, see note 9.

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

7. Investment property (continued)

As at 30 June 2016

Euro	Income-generating				Development	Land bank	
	UK	Germany	Switzerland	Total	UK	UK	Total
Opening balance	**40 413 876**	**102 830 000**	**21 146 642**	**164 390 518**	**42 907 443**	**41 240 845**	**248 538 806**
Property acquisitions	–	37 439 245	–	**37 439 245**	–	–	**37 439 245**
Capitalised retentions	–	1 370 755	–	**1 370 755**	–	–	**1 370 755**
Capitalised acquisition costs	–	4 578 229	–	**4 578 229**	–	–	**4 578 229**
Property disposal	(1 814 850)	–	–	**(1 814 850)**	–	–	**(1 814 850)**
Transfer from development property	43 937 100	–	–	**43 937 100**	(43 937 100)	–	**–**
Capitalised expenditure	377 171	372 522	–	**749 693**	31 356 543	5 910 392	**38 016 628**
Capitalised financial liability (see note 12)	–	–	–	**–**	–	3 327 225	**3 327 225**
Capitalised interest	–	–	–	**–**	28 452	354	**28 806**
Fair value adjustment	(3 144 069)	2 169 249	(789 810)	**(1 764 630)**	(2 103 869)	779 893	**(3 088 606)**
Transfer to assets held for sale	–	–	–	**–**	–	(3 515 237)	**(3 515 237)**
Foreign currency translation difference in OCI	(5 393 892)	–	(866 996)	**(6 260 888)**	(5 821 216)	(5 802 818)	**(17 884 922)**
Closing balance	**74 375 336**	**148 760 000**	**19 489 836**	**242 625 172**	**22 430 253**	**41 940 654**	**306 996 079**

As at 30 June 2015

Euro	Income-generating				Development	Land bank	
	UK	Germany	Switzerland	Total	UK	UK	Total
Opening balance	**13 225 620**	**7 900 000**	**18 524 952**	**39 650 572**	**7 822 049**	**17 279 221**	**64 751 842**
Property acquisitions	24 821 334	90 488 931	–	**115 310 265**	487 867	15 774 383	**131 572 515**
Capitalised acquisition costs	1 441 896	7 239 508	–	**8 681 404**	–	–	**8 681 404**
Capitalised expenditure	–	–	183 723	**183 723**	17 789 911	4 404 908	**22 378 542**
Capitalised retentions	–	2 703 865	–	**2 703 865**	–	–	**2 703 865**
Fair value adjustment	(3 044 610)	(5 502 304)	(616 282)	**(9 163 196)**	14 881 638	–	**5 718 442**
Foreign currency translation difference in OCI	3 969 636	–	3 054 249	**7 023 885**	1 925 978	3 782 333	**12 732 196**
Closing balance	**40 413 876**	**102 830 000**	**21 146 642**	**164 390 518**	**42 907 443**	**41 240 845**	**248 538 806**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

7. 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 by external, independent property valuers who 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 40.

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 is in agreement with the valuation, the valuation reports are then checked by the finance team to confirm their numerical and methodological accuracy. Lastly, the investment property valuation is reviewed by the Audit Committee.

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

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

As at 30 June 2016		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Income-generating property	242 625 172	–	–	242 625 172
Development property	17 927 863	–	–	17 927 863
	260 553 035	**–**	**–**	**260 553 035**

As at 30 June 2015		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Income-generating property	164 390 518	–	–	164 390 518
Development property	35 288 845	–	–	35 288 845
	199 679 363	**–**	**–**	**199 679 363**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

7. Investment property (continued)

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 2016 and 30 June 2015

Investment property type	Valuation technique	Significant unobservable inputs	Inter-relation 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)
Development property	**Discounted cash flows less cost to complete:** The discounted cash flow is determined on the same basis as income-generating properties based on the completed development property. Costs to complete as determined by external quantity surveyors are deducted from the discounted cash flow.	• Risk adjusted discount rates • Estimated rental value • Net rental growth • Reversionary discount rate • Costs to complete	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) • The costs to complete were lower/(higher)

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

7. Investment property (continued)

Fair value sensitivity analysis

As at 30 June 2016

Income-generating property

Euro			Significant unobservable inputs											
			Discount rate			Net rental growth			Reversionary discount rate			Estimated Rental Value		
				Sensitivity			Sensitivity			Sensitivity			Sensitivity	
Country	Technique	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input p.a	Change	Valuation
UK	DCF	74 375 336	7,50	0,50%	72 829 931	2,00%	2,50%	75 101 279	7,00%	0,50%	74 193 854	2 372 432	10,00%	33 156 068
				-0,50%	76 883 096		-2,50%	73 879 280		-0,50%	74 496 329		-10,00%	29 314 635
Germany	DCF	148 760 000	5,00-6,00	0,50%	145 460 000	1,00%-6,50%	2,50%	163 760 000	6,00%-8,25%	0,50%	145 640 000	41 531 091	10,00%	155 260 000
				-0,50%	156 760 000		-2,50%	143 780 000		-0,50%	157 280 000		-10,00%	147 310 000
Switzerland	DCF	19 489 836	4,40	0,50%	17 907 092	1,00%	2,50%	19 167 766	0,00%	0,50%	—	900 314	10,00%	20 851 732
				-0,50%	21 394 650		-2,50%	19 830 310		-0,50%	—		-10,00%	18 127 940
		242 625 172												

Development property

Euro			Significant unobservable inputs					
			Discount rate			Costs to complete		
				Sensitivity			Sensitivity	
Country	Technique	Valuation	Input %	Change	Valuation	Input	Change	Valuation
UK	DCF	17 927 863	5,75	0,50%	29 884 530	9 536 867	10,00%	29 763 540
				-0,50%	25 407 900		-10,00%	25 165 920
		17 927 863						

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

7. Investment property (continued)

Fair value sensitivity analysis

As at 30 June 2015

Income-generating property

Euro			Significant unobservable inputs											
			Discount rate			Net rental growth			Reversionary discount rate			Estimated Rental Value		
				Sensitivity			Sensitivity			Sensitivity			Sensitivity	
Country	Technique	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation	Input p.a	Change	Valuation
UK	DCF	40 413 876	7,00-8,00	0,50%	38 593 494	2,00	2,50%	41 440 036	7,00-8,00	0,50%	40 301 419	2 370 832	10,00%	42 916 021
				-0,50%	42 452 140		-2,50%	39 732 111		-0,50%	40 575 531		-10,00%	37 743 045
Germany	DCF	102 830 000	5,00-7,00	0,50%	103 370 000	1,00-5,59	2,50%	105 680 000	6,00-8,25	0, 50%	102 770 000	33 277 969	10,00%	109 100 000
				-0,50%	110 320 000		-2,50%	83 180 000		-0,50%	111 530 000		-10,00%	104 650 000
Switzerland	DCF	21 146 642	4,40	0,50%	19 446 075	1,00	2,50%	20 809 701	—	0,50%	—	951 246	10,00%	22 519 035
				-0,50%	23 200 848		-2,50%	21 501 117		-0,50%	—		-10,00%	19 772 577
		164 390 518												

Development property

Euro			Significant unobservable inputs					
			Discount rate			Costs to complete		
				Sensitivity			Sensitivity	
Country	Technique	Valuation	Input %	Change	Valuation	Input	Change	Valuation
UK	DCF	35 288 845	4,75-5,50	0,50%	28 710 169	39 213 255	10,00%	31 267 520
				-0,50%	43 751 159		-10,00%	39 210 171
		35 288 845						

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

8. Financial investments

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

Euro	As at 30 June 2016 Fair value	As at 30 June 2016 Amortised cost	As at 30 June 2016 Total	As at 30 June 2015 Restated* Fair value	As at 30 June 2015 Restated* Amortised cost	As at 30 June 2015 Restated* Total
Non-current						
Sirius	—	—	**—**	12 346 864	—	**12 346 864**
	—	**—**	**—**	**12 346 864**	**—**	**12 346 864**
Current						
Karoo Fund	—	—	**—**	67 221 894	—	**67 221 894**
Sirius	51 614 068	—	**51 614 068**	2 604 979	—	**2 604 979**
	51 614 068	**—**	**51 614 068**	**69 826 873**	**—**	**69 826 873**
	51 614 068	**—**	**51 614 068**	**82 173 737**	**—**	**82 173 737**

*Treasury investments as disclosed in the prior year have been reclassified to Financial investments and are included within Sirius (current) to aid comparability with the classifications in the current year, see note 16 and the reconciliation below.

Financial investments have been classified as FVTPL because the contractual terms of the financial assets do not give rise to cash flows that are solely payments of principal and interest on the amount outstanding.

On 28 August 2015 and 26 October 2015 the Karoo Fund compulsorily redeemed a portion of the investment amounting to €12 410 441 and €25 388 994 respectively. On 31 January 2016 the group's remaining shares in the Karoo Fund were compulsorily redeemed. The group received an in-specie redemption of 64 540 371 (€29 834 661) shares in Sirius and €2 577 304 cash in exchange for the group's share of the Karoo Fund's net asset value at 31 January 2016. The final redemption triggered the settlement of the Attacq financial liability, see note 12.

During the year the group recognised €1 717 829 (2015: €nil) in dividends from the investment in Sirius. The group owned 12,8% of Sirius shares at 30 June 2016. On 12 August 2016 the group sold 60 000 000 shares in Sirius for €29 282 323. As a result, the group's shareholding in Sirius decreased to 4,3%, see note 17.

Reconciliation of financial investments at fair value

As at 30 June 2016

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

As at 30 June 2015

Euro	Treasury	Karoo Fund	Sirius	Total
Opening balance	**—**	**35 743 617**	**—**	**35 743 617**
Acquisition	30 000 000	—	10 178 432	**40 178 432**
Redemption	(31 696 715)	(20 214 050)	—	**(51 910 765)**
Fair value movement	4 301 694	45 651 311	1 134 917	**51 087 922**
Foreign currency translation difference in OCI	—	6 041 016	1 033 515	**7 074 531**
Reclassification	(2 604 979)	—	2 604 979	**—**
	—	**67 221 894**	**14 951 843**	**82 173 737**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

8. Financial investments (continued)

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

As at 30 June 2016		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Sirius	**51 614 068**	**51 614 068**	**–**	**–**

As at 30 June 2015		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Karoo Fund	67 221 894	–	67 221 894	–
Sirius	14 951 843	14 951 843	–	–
	82 173 737	**14 951 843**	**67 221 894**	**–**

Valuation techniques and unobservable inputs
At 30 June 2016 all inputs into the valuation of financial investment are observable as the Sirius financial investment is listed.

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

As at 30 June 2016

Level 2 Investments	**Valuation technique**	**Inputs**	**Inter-relationship between inputs and fair value measurement**
None	N/a	N/a	N/a

As at 30 June 2015

Level 2 Investments	**Valuation technique**	**Inputs**	**Inter-relationship between inputs and fair value measurement**
Karoo Fund	Fair value is based on the fund's reported NAV.	NAV per share – €2 067	The estimated fair value would increase/(decrease) if: • NAV per share was higher/(lower).
	The NAV of the fund is valued by the fund's investment manager as follows: • Investments in equities by the Karoo Fund are valued at quoted prices in active markets. • Where there is not an active market, fair value is based on broker quotes on similar contracts that are traded in an active market and the quotes reflect the actual transactions in similar instruments.	All inputs used by the fund's investment manager in determining the fund's NAV are observable with the exception of a convertible debenture that is not significant to the input for fair valuation.	

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

9. Investment in equity accounted investees

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

Euro	As at 30 June 2016	As at 30 June 2015
PKM	**19 991 716**	–

Reconciliation of investments in equity accounted investees

Euro	As at 30 June 2016	As at 30 June 2015
Opening balance	–	–
Acquisition	20 000 000	–
Capitalised acquisition costs	23 624	–
	20 023 624	–
Share of loss	(31 908)	–
	19 991 716	–

On 23 March 2016, the group invested €20 000 000 in the ordinary shares of PKM a development property company with its principal place of business in CEE. PKM is an associate in which the group has a 40% ownership interest. PKM is a separate entity and the group has a residual interest in the net assets of the associate.

In addition to the investment in the ordinary shares, the group intend to fund a further €200 000 000 over 4 years through the investment in 7,5% preference shares, see note 17.

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

Euro	As at 30 June 2016	As at 30 June 2015
Statement of financial position - PKM		
Non-current assets	2 697 078	–
Current assets	47 496 624	–
Total assets	**50 193 702**	**–**
Current liabilities	273 474	–
Total liabilities	**273 474**	**–**
Net assets	**49 920 228**	**–**
Percentage ownership interest	40%	–
Group share of net assets	**19 968 092**	**–**
Capitalised costs	23 624	–
Carrying amount	**19 991 716**	**–**

Euro	For the period ended 30 June 2016	For the period ended 30 June 2015
Statement of profit or loss and other comprehensive income - PKM		
Revenue	–	–
Corporate expenses	(36 756)	–
Net finance costs	(43 014)	–
Total loss and other comprehensive loss	**(79 770)**	**–**
Percentage ownership interest	40%	–
Group's share of total comprehensive loss	**(31 908)**	**–**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

10. Share capital

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

	Number of shares	Share capital Euro
Balance at 30 June 2014	**279 483 999**	**289 978 080**
Issued during the year		
– Acquisition of MAS Property Advisors Limited	9 751 326	12 486 971
– Scrip distributions	2 552 564	3 206 941
	12 303 890	15 693 912
Balance at 30 June 2015	**291 787 889**	**305 671 992**
Issued during the year		
– Scrip distributions	5 671 745	7 026 140
– Settlement of Attacq liability (see note 12)	21 317 449	28 156 329
– Capital raise	29 848 136	37 676 095
	56 837 330	**72 858 564**
Balance at 30 June 2016	**348 625 219**	**378 530 556**

During the year the group incurred €225 212 (2015: €13 029) in expenses in relation to issuing shares. These were offset against share capital.

The group issued 21 317 449 on 11 March 2016 to Attacq, a related party of the group, in settlement of the financial liability due to Attacq in relation to the Karoo Fund, see notes 8 and 12. On 7 April 2016 the group issued a further 29 848 136 shares as part of an accelerated book build, raising cash of €37 676 095.

The holders of the company's shares are entitled to distributions as declared, and are entitled 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 2016

Euro	Scrip	Cash	Total	Distribution per share (euro cents)
11 November 2015	3 241 806	3 177 518	**6 419 324**	2,20
8 April 2016	3 784 334	4 061 277	**7 845 611**	2,27
	7 026 140	**7 238 795**	**14 264 935**	**4,47**

Year ended 30 June 2015

Euro	Scrip	Cash	Total	Distribution per share (euro cents)
21 November 2014	1 693 902	1 892 595	**3 586 497**	1,24
17 June 2015	1 513 039	1 828 882	**3 341 921**	1,15
	3 206 941	**3 721 477**	**6 928 418**	**2,39**

The directors are pleased to propose a final distribution to shareholders of 2,23 euro cents per share.

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

11. Interest bearing borrowings

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

Euro	As at 30 June 2016	As at 30 June 2015
Non-current	43 227 831	14 779 769
Current	1 350 764	968 120
	44 578 595	**15 747 889**

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

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

Euro	As at 30 June 2016	As at 30 June 2015
Opening	**15 747 889**	**16 098 177**
Drawn down	30 550 000	—
Capitalised transaction costs	(412 345)	—
Amortisation	(922 638)	(819 723)
Repayment	—	(969 927)
Finance costs	770 243	581 374
General borrowings capitalised	28 806	—
Interest paid	(827 855)	(581 374)
Foreign currency translation difference in OCI	(355 505)	1 439 362
	44 578 595	**15 747 889**

Interest from general borrowings of €28 806 was capitalised in investment property during the year (2015: €nil), see note 7, at a capitalisation rate of 2,65%.

On 28 July 2016 and 24 August 2016, the group drew down on two further loans, see note 18.

12. Financial instruments

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

Euro	As at 30 June 2016	As at 30 June 2015 Restated*
Non-current		
Derivative financial instruments	3 029 495	2 603 535
Financial liabilities	2 367 448	3 941 947
	5 396 943	**6 545 482**
Current		
Financial liabilities	7 146 090	29 082 436
	7 146 090	**29 082 436**
	12 543 033	**35 627 918**

*Deferred consideration as disclosed in the prior year has been reclassified to Financial instruments and is included within Financial liabilities (current) to aid comparability with the classifications in the current year, see note 16.

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

12. Financial instruments (continued)

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

Euro	As at 30 June 2016 Fair value	Amortised cost	Total	As at 30 June 2015 Fair value	Amortised cost	Total
Derivative financial instruments						
Non-current	3 029 495	–	**3 029 495**	2 603 535	–	**2 603 535**
	3 029 495	**–**	**3 029 495**	**2 603 535**	**–**	**2 603 535**
Financial liabilities						
Non-current	2 367 448	–	**2 367 448**	3 941 947	–	**3 941 947**
Current	3 327 225	3 818 865	**7 146 090**	26 378 571	2 703 865	**29 082 436**
	5 694 673	**3 818 865**	**9 513 538**	**30 320 518**	**2 703 865**	**33 024 383**
	8 724 168	**3 818 865**	**12 543 033**	**32 924 053**	**2 703 865**	**35 627 918**

Financial instruments held at fair value

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

Euro	As at 30 June 2016	As at 30 June 2015
Derivative financial instruments		
Interest rate swaps	**3 029 495**	**2 603 535**
Financial liabilities		
Development management fee (see note 14)	2 367 448	1 576 779
Priority participating profit dividend (see note 14)	–	2 365 168
Attacq financial liability (see note 14)	–	26 378 571
Santon financial liability	3 327 225	–
	5 694 673	**30 320 518**

Financial liabilities

Reconciliation of financial liabilities held at fair value:

Euro	Attacq financial liability	Santon financial liability	Development management fee	Priority participating profit dividend	Total
Balance at 30 June 2014					
Fair value adjustment	24 896 101	–	1 488 165	2 232 246	**28 616 512**
Foreign currency translation difference in OCI	1 482 470	–	88 614	132 922	**1 704 006**
Balance at 30 June 2015	**26 378 571**	**–**	**1 576 779**	**2 365 168**	**30 320 518**
Recognised on grant of planning permission	–	3 327 225	–	–	**3 327 225**
Fair value adjustment	4 032 584	–	1 092 047	(2 200 445)	**2 924 186**
Settlement	(28 156 329)	–	–	–	**(28 156 329)**
Foreign currency translation difference in OCI	(2 254 826)	–	(301 378)	(164 723)	**(2 720 927)**
Balance at 30 June 2016	**–**	**3 327 225**	**2 367 448**	**–**	**5 694 673**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

12. Financial instruments (continued)

Development management fee and priority participating profit dividend
These financial liabilities are classified as FVTPL. This reduces the accounting mismatch by matching the movement in the fair value of the financial liabilities with the fair value movement on the related investment directly in profit or loss.

The group entered into a development management agreement with the developer under which the developer provides services in procuring the construction of the New Waverley site in Edinburgh. Under the terms of this agreement, a fee is payable to the developer for its services with that fee being in two parts. Under the terms of a shareholders' agreement between the shareholders of New Waverley 10 Limited, shareholders are entitled to a 7,5% annualised return on invested capital. The first part of the fee payable to the developer is an amount equal to 1/3rd of the annualised return payable to the group. The second part of the fee payable to the developer is linked to the value of the site following development with the developer entitled to a fee broadly equal to 25% of the value of the developed site less both costs of development and the annualised return to shareholders on invested capital. This second part of the fee is only payable once the group has received its return on capital meaning that, in effect, the developer will receive a fee broadly equal to 25% of any capital gain that will be made should New Waverley 10 Limited ever decide to realise its investment in the site.

Attacq financial liability
This financial liability was classified as FVTPL by electing to use the fair value option. This reduces the accounting mismatch by matching the movement in the fair value of the liability with the fair value movement in investment property.

During the year, the group's remaining shares in the Karoo Fund were redeemed, see note 8. The final redemption triggered the settlement of the financial liability to Attacq, from whom the group acquired the investment through the issuance of MAS shares. Under the purchase agreement 21 317 449 shares were issued on 11 March 2016 at €1,3208 per share in settlement of the Attacq financial liability, see note 10.

Santon Financial liability
The terms of the revenue agreement with Santon require the group to pay Santon £2 750 000 (approx €3 327 225) on receipt of implementable planning permission. On 10 December 2015 the South Downs National Park Authority's planning committee approved in principle the plans to develop the North Street Quarter development in Lewes. Final uncontested written planning permission was granted on 8 July 2016 and the liability was settled, see note 18.

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

As at 30 June 2016		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Derivative financial liabilities				
Interest rate swaps	3 029 495	–	3 029 495	–
Financial liabilities				
Development management fee	2 367 448	–	–	2 367 448
Santon financial liability	3 327 225	–	–	3 327 225
	8 724 168	**–**	**3 029 495**	**5 694 673**

As at 30 June 2015		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Derivative financial liabilities				
Interest rate swaps	2 603 535	–	2 603 535	–
Financial liabilities				
Development management fee	1 576 779	–	–	1 576 779
Priority participating profit dividend	2 365 168	–	–	2 365 168
Attacq financial liability	26 378 571	–	26 378 571	–
	32 924 053	**–**	**28 982 106**	**3 941 947**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

12. Financial instruments (continued)

Level 2 financial instruments

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

As at 30 June 2016 and 30 June 2015

Level 2 financial instrument held at fair value	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 Swiss libor/Euribor • Swap rate • Notional loan value • Fixed rate of interest	The estimated fair value would increase/(decrease) if: • 3 month Swiss libor/Euribor was higher/(lower) • Swap rate was lower/(higher) • Notional loan value was lower/(higher) • Fixed rate of interest was lower/(higher)

As at 30 June 2015

Level 2 financial instrument held at fair value	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Attacq financial liability	Fair value is based on the fund's reported NAV. The NAV of the fund is valued by the fund's investment manager as follows: • Investments in equities by the Karoo Fund are valued at quoted prices in active markets. • Where there is not an active market, fair value is based on broker quotes on similar contracts that are traded in an active market and the quotes reflect the actual transactions in similar instruments.	NAV per share – €2 067 All inputs used by the fund's investment manager in determining the fund's NAV are observable with the exception of a convertible debenture that is not significant to the input for fair valuation.	The estimated fair value would increase/(decrease) if: • NAV per share was higher/(lower).

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

12. Financial instruments (continued)

Level 3 financial instruments

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

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 2016 and 30 June 2015

Level 3 financial instrument held at fair value	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Development management fee and Priority participating profit dividend	**Discounted cash flows:** Fair value is based on the profitability of the New Waverley development. See note 7, for the valuation technique in respect of New Waverley.	• Expected market rental growth • Occupancy rate • Reversionary discount rate • Risk adjusted discount rates • Costs to complete • Completion date	The estimated fair value would increase/(decrease) if: • Expected market rental growth was higher/(lower) • The occupancy rate was higher/(lower) • The reversionary discount rate was lower/(higher) • The risk adjusted discount rate was lower/(higher) • The costs to complete were lower/(higher) • Completion date was earlier/(later)

Fair value sensitivity analysis

As at 30 June 2016

			Discount rate			Costs to complete		
				Sensitivity			Sensitivity	
Financial liability	Technique	Valuation	Input %	Change %	Valuation	Input (Euro)	Change %	Valuation
Development management fee	DCF – less cost to complete	2 367 448	8,16	+0,50	—	9 536 867	+10,00	1 415 726
				-0,50	3 767 362		-10,00	2 973 569
Priority participating profit dividend	DCF – less cost to complete	—	8,16	+0,50	—	9 536 867	+10,00	—
				-0,50	1 099 529		-10,00	—

As at 30 June 2015

			Discount rate			Costs to complete		
				Sensitivity			Sensitivity	
Financial liability	Technique	Valuation	Input %	Change %	Valuation	Input (Euro)	Change %	Valuation
Development management fee	DCF – less cost to complete	1 576 779	4,75 – 5,50	+1,00	—	39 213 255	+10,00	1 245 294
				-1,00	3 463 931		-10,00	1 968 911
Priority participating profit dividend	DCF – less cost to complete	2 365 168	4,75 – 5,50	+1,00	—	39 213 255	+10,00	1 716 321
				-1,00	5 195 896		-10,00	2 953 366

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

13. Operating segments

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

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

The comparative period has been restated to aid comparability with segmental reporting in the current year.

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 2016

	Reportable segments				
Euro	Income-generating property	Development property	Land bank and other strategic assets	Corporate	Total
Statement of profit or loss					
External revenue	15 370 255	11 090	709 469	160 207	**16 251 021**
Inter-segment revenue	—	—	—	—	**—**
Segment profit/(loss) before tax	6 221 242	(1 007 358)	4 375 190	(7 262 517)	**2 326 557**
Finance income	—	57	383 370	9 374	**392 801**
Finance cost	(770 243)	—	—	(3 522)	**(773 765)**
Depreciation	—	—	—	(35 535)	**(35 535)**
Taxation	(828 525)	—	—	—	**(828 525)**
Other material non-cash items					
– Fair value adjustments	(1 478 331)	(995 471)	8 905 521	—	**6 431 719**
– Exchange differences	(93 783)	196	(5 835 877)	(6 983 746)	**(12 913 210)**
Statement of financial position					
Segment non-current assets	243 509 575	43 798 848	42 003 549	23 901 016	**353 212 988**
– Investment in equity accounted investee	—	19 991 716	—	—	**19 991 716**
Segment current assets	19 124 497	1 479 407	52 750 489	41 036 973	**114 391 366**
Segment non-current liabilities	47 500 067	2 367 448	—	—	**49 867 515**
Segment current liabilities	8 051 526	4 813 814	3 683 792	342 755	**16 891 887**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

13. Operating segments (continued)

As at and for the year ended 30 June 2015 (Restated)

Euro	Income-generating property	Development property	Land bank and other strategic assets	Corporate	Total
	Reportable segments				
Statement of profit or loss					
External revenue	8 885 744	168 666	268 746	—	**9 323 156**
Inter-segment revenue	—	—	—	—	**—**
Segment profit/(loss) before tax	22 383 939	10 876 413	15 818 326	(504 582)	**48 574 096**
Finance income	3 915	16	745	—	**4 676**
Finance cost	(576 350)	—	(5 024)	—	**(581 374)**
Depreciation	—	—	—	(18 884)	**(18 884)**
Taxation	(99 188)	—	—	—	**(99 188)**
Other material non-cash items					
– Fair value adjustments	12 485 558	11 161 228	4 230 578	—	**27 877 364**
– Exchange differences	5 046 353	—	12 613 942	—	**17 660 295**
Statement of financial position					
Segment non-current assets	165 135 057	44 491 591	53 593 360	27 768 952	**290 988 960**
– Investment in equity accounted investee	—	—	—	—	**—**
Segment current assets	79 752 688	12 894 925	9 036 018	17 782 820	**119 466 451**
Segment non-current liabilities	18 526 950	3 941 947	—	—	**22 468 897**
Segment current liabilities	31 789 561	2 456 983	174 929	424 443	**34 845 916**

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 revenue and non-current assets by the company's country of domicile and the jurisdiction in which the underlying assets are held: UK; Germany; Switzerland; and also now Romania as a result of the investment in associate during the year, see note 9.

Revenue

Euro	Year ended 30 June 2016	Year ended 30 June 2015
BVI	—	—
UK	5 674 973	3 336 893
Germany	9 332 689	4 806 043
Switzerland	1 243 359	1 180 220
Romania	—	—
	16 251 021	**9 323 156**

Non-current assets

Euro	As at 30 June 2016	As at 30 June 2015
BVI	—	—
UK	164 250 144	166 275 302
Germany	149 481 292	103 567 015
Switzerland	19 489 836	21 146 643
Romania	19 991 716	—
	353 212 988	**290 988 960**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

14. 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 2016

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Total
Lukas Nakos	CEO	209 248	–	166 092	166 092	**541 432**
Malcolm Levy	CFO	196 170	–	155 711	155 711	**507 592**
Jonathan Knight	CIO	78 468	–	77 856	77 856	**234 180**
Ron Spencer	Chairman	30 000	–	–	–	**30 000**
Gideon Oosthuizen	NED	27 500	–	–	–	**27 500**
Jaco Jansen	NED	27 500	–	–	–	**27 500**
Morné Wilken	NED	20 000	–	–	–	**20 000**
Pierre Goosen	NED	20 000	–	–	–	**20 000**
		608 886	**–**	**399 659**	**399 659**	**1 408 204**

Year ended 30 June 2015

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Total
Lukas Nakos	CEO	152 149	–	–	–	**152 149**
Malcolm Levy[a]	CFO	142 641	–	–	–	**142 641**
Jonathan Knight	CIO	57 056	–	–	–	**57 056**
Ron Spencer	Chairman	24 500	–	–	–	**24 500**
Gideon Oosthuizen	NED	23 250	–	–	–	**23 250**
Jaco Jansen	NED	23 250	–	–	–	**23 250**
Morné Wilken	NED	10 000	–	–	–	**10 000**
Pierre Goosen	NED	10 000	–	–	–	**10 000**
		442 846	**–**	**–**	**–**	**442 846**

a. In addition, the directors fees of €24 940 were paid directly to MAS Property Advisors Limited. These fees ceased from a group perspective on 15 October 2014, when Malcolm Levy became an employee of the group.

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

14. Related parties (continued)

Key management - shareholdings

As at 30 June 2016

Euro	Direct	Indirect	Associate	Total
Lukas Nakos	85 143	—	100 659^	**185 802**
Malcolm Levy	11 633	1 568 928*	—	**1 580 561**
Jonathan Knight	523 371	74 000	—	**597 371**
Ron Spencer	11 370	—	—	**11 370**
Gideon Oosthuizen	254 505	—	—	**254 505**
Jaco Jansen	—	—	—	**—**
Morné Wilken	55 784	234 818*	—	**290 602**
Pierre Goosen	—	—	3 113 529^	**3 113 529**
	941 806	**1 877 746**	**3 214 188**	**6 033 740**

*Associate family trust
^Non-beneficial to director

As at 30 June 2015

Euro	Direct	Indirect	Associate	Total
Lukas Nakos	106	—	100 659^	**100 765**
Malcolm Levy	11 632	1 462 699*	—	**1 474 331**
Jonathan Knight	504 964	—	—	**504 964**
Ron Spencer	10 970	—	—	**10 970**
Gideon Oosthuizen	250 000	—	—	**250 000**
Jaco Jansen	—	—	—	**—**
Morné Wilken	53 823	226 560*	—	**280 383**
Pierre Goosen	—	—	783 677^	**783 677**
	831 495	**1 689 259**	**884 336**	**3 405 090**

* Associate family trust
^ Non-beneficial to director

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

14. Related parties (continued)

Other related party transactions:

Euro	Income/(expenses) for the year ended 30 June 2016	Income/(expenses) for the year ended 30 June 2015	Capitalised for the year ended 30 June 2016	Capitalised for the year ended 30 June 2015	Balances receivable/(payable) as at 30 June 2016	Balances receivable/(payable) as at 30 June 2015
MAS Prop						
– Investment advisor fee	–	(1 249 295)	–	–	–	–
– Transaction fee	–	–	–	352 500	–	–
– Oncharged staff costs	–	(123 269)	–	–	–	–
	–	**(1 372 564)**	**–**	**352 500**	**–**	**–**
NW Advisers						
– Oncharged development costs	–	–	27 117 356	19 605 967	(1 069 607)	33 432
– Development management fee (see note 12)[1]	1 466 964	(1 488 165)	–	–	(2 367 448)	(1 576 779)
	1 466 964	**(1 488 165)**	**27 117 356**	**19 605 967**	**(3 437 055)**	**(1 543 347)**
NW Holdings						
– Development profit participation fee (see note 12)[1]	(358 566)	(2 232 246)	–	–	–	(2 365 168)
	(358 566)	**(2 232 246)**	**–**	**–**	**–**	**(2 365 168)**
Corona						
– Legal and professional expenses	(850 180)	(331 218)	–	–	(41 984)	37 251
	(850 180)	**(331 218)**	**–**	**–**	**(41 984)**	**37 251**
Attacq						
– Karoo Fund financial liability (see note 12)	(4 032 584)	(24 896 101)	–	–	–	(26 378 571)
– Interest income from loan receivable	383 263	–	–	–	–	–
	(3 649 321)	**(24 896 101)**	**–**	**–**	**–**	**(26 378 571)**
Artisan						
– Oncharged administrative expenses	51 962	6 435	–	–	41 255	12 737
	51 962	**6 435**	**–**	**–**	**41 255**	**12 737**
	(3 339 141)	**(30 313 859)**	**27 117 356**	**19 958 467**	**(3 437 784)**	**(30 237 098)**

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

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

14. Related parties (continued)

MAS Prop
MAS Prop is a real estate advisory company. During the prior period MAS Prop was acquired by the group and is a 100% owned subsidiary. Prior to the acquisition MAS Prop was owned by a group of investors of which Lukas Nakos and Malcolm Levy, the chief executive officer and chief financial officer of the group respectively, had significant influence.

Artisan
Artisan is a real estate management company and is owned by a group of investors of which Lukas Nakos and Malcolm Levy, the chief executive officer and chief financial officer of the group respectively have significant influence. In this context significant influence refers to the fact that Lukas Nakos and Malcolm Levy are directors of Salt Properties Limited, which owns 33,33% of Artisan, and that 2Fireflies Capital Inc, which is associated with Malcolm Levy, is a shareholder of Salt Properties.

The board of Artisan comprises five directors, three of which are common to MAS, being Jaco Jansen, Malcolm Levy and Pierre Goosen.

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

During the year NW Advisers on-charged expenses in relation to the development of New Waverley which amounted to €27 117 356 (2015: €19 605 967). These have been capitalised as part of the New Waverley development within investment property, see note 7. These on-charges were charged to the group in accordance with the development management agreement and are on an arm's length basis.

In addition, the group has provided for a development management fee of €2 367 448 (2015: €1 576 779) as a result of the revaluation of the three pre-let hotels at the New Waverley development, see note 12. This fee is in accordance with the development management agreement and is on an arm's length basis.

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

At the reporting date the group has provided for a development management priority participation fee of €nil (2015: €2 365 168) as a result of the revaluation of the three pre-let hotels at the New Waverley development, see note 12. This fee is in accordance with the development management agreement and is on an arm's length basis.

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

During the year, the group used the professional services of Corona and incurred expenses of €850 180 (2015: €331 218), which were charged to the group on an arm's length basis. Professional services fees are expensed in profit or loss within investment expenses and service charge and other property operating expenses.

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

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

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

The group purchased the Karoo Fund from Attacq in 2013 for an all-share consideration of €34 199 731 (see note 8). Under the purchase agreement of the Karoo Fund, Attacq was entitled to a contingent adjustment (the "Adjustment") in the consideration paid to it by the group. This contingent adjustment was dependent upon the value at which the Karoo Fund redeemed. On 31 January 2016 the group's remaining shares in the Karoo Fund were redeemed. The group received an in-specie redemption of 64 540 371 shares in Sirius and €2 577 304 cash in exchange for €32 411 907 being the group's share of the Karoo Fund's net asset value at 31 January 2016. The final redemption triggered the settlement of the Attacq financial liability, see note 12, from whom the group acquired the investment, through the issuance of MAS shares. Under the purchase agreement the MAS adjustment shares were issued at a price per share equal to the 30-day volume weighted average price of MAS shares at each point the Karoo Fund was realised. Accordingly, 21 317 449 shares were issued to Attacq in settlement of the Attacq financial liability.

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

15. Earnings per share and diluted earnings per share

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

Profit attributable to ordinary shareholders

Euro	Year ended 30 June 2016	Year ended 30 June 2015
Profit for the year attributable to the owners of the group	**1 498 032**	**48 474 908**

Weighted-average number of ordinary shares

Euro	Note	Year ended 30 June 2016	Year ended 30 June 2015
Opening issued ordinary shares		291 787 889	279 483 999
Effect of shares issued for capital raise	10	5 871 764	—
Effect of shares issued related to business combinations	10	—	6 911 654
Effect of shares issued related to the settlement of the Attacq liability	10	6 465 128	—
Effect of shares issued for scrip distributions	10	2 281 979	872 468
Weighted-average number of ordinary shares		**306 406 760**	**287 268 121**

Basic earnings per share

Euro	Year ended 30 June 2016	Year ended 30 June 2015
Profit attributable to ordinary shareholders	1 498 032	48 474 908
Weighted-average number of ordinary shares	306 406 760	287 268 121
Basic earnings per shares (euro cents)	**0,49**	**16,87**

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

Headline earnings and headline earnings per share

Headline earnings and headline earnings per share was as follows:

	Year ended 30 June 2016		Year ended 30 June 2015	
Euro	Gross	Net	Gross	Net
Profit for the year	**1 498 032**	**1 498 032**	**48 474 908**	**48 474 908**
Adjusted for:				
Revaluation of investment property (see note 7)	3 088 606	3 274 432	(5 718 442)	(6 759 124)
Headline earnings	**4 586 638**	**4 772 464**	**42 756 466**	**41 715 784**
Weighted-average number of ordinary shares	306 406 760	306 406 760	287 268 121	287 268 121
Headline earnings per share (euro cents)	**1,50**	**1,56**	**14,88**	**14,52**

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

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

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

16. Reclassification

The group has reclassified some prior year expenses in the consolidated statement of profit or loss and some items in the consolidated statement of financial position disclosed in the prior year consolidated financial statements to aid comparability with the classifications in the current year.

There is no impact of the reclassifications on the prior year profit. The impact of the reclassification on the consolidated statement of profit or loss, the consolidated statement of financial position and the consolidated statement of cash flows is as follows:

Consolidated statement of profit or loss

Year ended 30 June 2015

	Impact of change in reclassification		
Euro	As previously reported	Adjustment	As reclassified
Portfolio related expenses	(2 036 856)	2 036 856	–
Administrative expenses	(1 249 295)	1 249 295	–
Investment adviser fees	(2 423 870)	2 423 870	–
Service charges and other property operating expenses	–	(3 405 450)	(3 405 450)
Corporate expenses	–	(1 767 154)	(1 767 154)
Investment expenses	–	(537 417)	(537 417)
	(5 710 021)	**–**	**(5 710 021)**

Consolidated statement of financial position

As at 30 June 2015

	Impact of change in reclassification		
Euro	As previously reported	Adjustment	As reclassified
Current assets			
Financial investments	67 221 894	2 604 979	69 826 873
Treasury investments	2 604 979	(2 604 979)	–
Current liabilities			
Financial instruments	26 378 571	2 703 865	29 082 436
Deferred consideration	2 703 865	(2 703 865)	–
	98 909 309	**–**	**98 909 309**

Consolidated statement of cash flows

As at 30 June 2015

	Impact of change in reclassification		
Euro	As previously reported	Adjustment	As reclassified
Investing activities			
Acquisition of investment property and capitalised development costs	(162 632 461)	162 632 461	–
Acquisition of investment property	–	(131 572 515)	(131 572 515)
Capitalised acquisition costs on investment property	–	(8 681 404)	(8 681 404)
Capitalised expenditure on investment property	–	(22 378 542)	(22 378 542)
Acquisition of investments	(10 178 432)	10 178 432	–
Acquisition of treasury investments	(30 000 000)	30 000 000	–
Acquisition of financial investments	–	(40 178 432)	(40 178 432)
Proceeds from the sale of investments	20 214 050	(20 214 050)	–
Proceeds from the sale of treasury investments	31 696 715	(31 696 715)	–
Proceeds from sale of financial investments	–	51 910 765	51 910 765
	(150 900 128)	**–**	**(150 900 128)**
Financing activities			
Repayment of borrowings	(1 789 650)	1 789 650	–
Repayment of interest bearing borrowings	–	(969 927)	(969 927)
Payment of amortisation on interest bearing borrowings	–	(819 723)	(819 723)
	(1 789 650)	**–**	**(1 789 650)**

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

17. Capital commitments

Investment property

The group entered into contracts for the construction and development of New Waverley, see note 7. These contracts will give rise to expenses of £7 882 360 (approx. €9 536 867) (2015: £31 203 848 (approx. €43 863 249)), which will be capitalised as part of the New Waverley development.

On 5 April 2016 the group entered into an SPA to acquire a portfolio of properties throughout northern and central Germany for €56 010 400. The acquisition is under a sale and leaseback arrangement from various subsidiaries of Edeka MIHA AG, see note 18.

Investment in equity accounted investee

On the 23 March 2016, the group entered into a contract with PKM to develop investment property in central and eastern Europe. The terms of the contract commit the group to invest an initial €100 000 000 in 7,5% preference shares in PKM over 4 years, with an election to invest a further €100 000 000 by 23 March 2017, see note 9. The group intends to invest €200 000 000 into the investee.

18. Subsequent events

Acquisition of investment properties

On 17 August 2016 the group completed on the acquisition of a logistics centre in Munich, Germany for €10 500 000. This property has an annual rent of €885 692 and is currently leased to Volkswagen AG until December 2018, after which MAS may lease or redevelop the site.

On 31 August 2016 the group completed on the acquisition of a portfolio of properties in northern and central Germany under a sale and lease back arrangement from various subsidiaries of Edeka MIHA AG. The purchase price was €56 010 400 and has an annual rent of €3 849 000.

Sale of financial investments

On 12 August 2016 the group sold 60 000 000 shares in Sirius for €29 282 323. As a result, the group's shareholding in Sirius decreased to 4,3%.

Capital raise

On 29 July 2016 the group issued 25 641 026 ordinary shares through an accelerated book build raising capital net of fees of €31 781 846.

Drawdown on interest bearing borrowings

On 28 July 2016 the group entered into a loan agreement with Royal Bank of Scotland International for a facility of £21 000 000 (approx. €25 407 900). The facility is for a term of 5 years at an interest rate of LIBOR plus 2% per annum. This facility has been secured against the income-generating Whitbread hotels at New Waverley.

On 24 August 2016 the group entered into a loan agreement with Deutsche Pfandbreifbank AG for a facility of €29 179 000, for a 9-year term. This facility has been secured against the Heppenheim retail park and the Bruchsal property and has not yet been drawn down.

Both loans have been classified as general borrowings.

Santon financial liability

On 8 July 2016 the group settled the £2 750 000 (€3 327 225) Santon financial liability in full. There are no other amounts owed to Santon.

Other than the above, there were no material events after the condensed consolidated statement of financial position that have a bearing on the understanding of these condensed preliminary consolidated financial statements.

Notes to the condensed consolidated financial statements (continued)

For the year ended 30 June 2016

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Shareholder information

Registered in the British Virgin Islands	Company number	1750199
Registered as an external company in South Africa	Registration number	2010/000338/10
JSE share code		MSP
SEDOL (XLUX)		B96VLJ5
SEDOL (JSE)		B96TSD2
ISIN		VGG5884M1041
Number of shares in issue as at 30 June 2016		348 625 219

MAS REAL ESTATE INC