

MAS REAL ESTATE INC.



COMPANY PROFILE  
31 DECEMBER 2017



# COMPANY PROFILE



## PROPERTY INVESTOR, DEVELOPER AND OPERATOR

MAS Real Estate Inc ("MAS") is a commercial property investor, developer and operator listed on the main board of the Johannesburg Stock Exchange ("JSE") and the Euro-MTF market of the Luxembourg Stock Exchange ("LuxSE").

## BUSINESS STRATEGY

MAS' strategy is to generate sustainable and growing distributable earnings per share by acquiring, developing and operating retail, office, industrial, logistics and hotel assets in western Europe and central and eastern Europe ("CEE"). Where exceptional opportunities arise, the group will embark on mixed-use or residential developments with the view to either generate recurring income, or capital gains. The company aims to distribute all of its distributable earnings on a semi-annual basis, with distribution of capital and other profits at the discretion of the board.

## MANAGEMENT

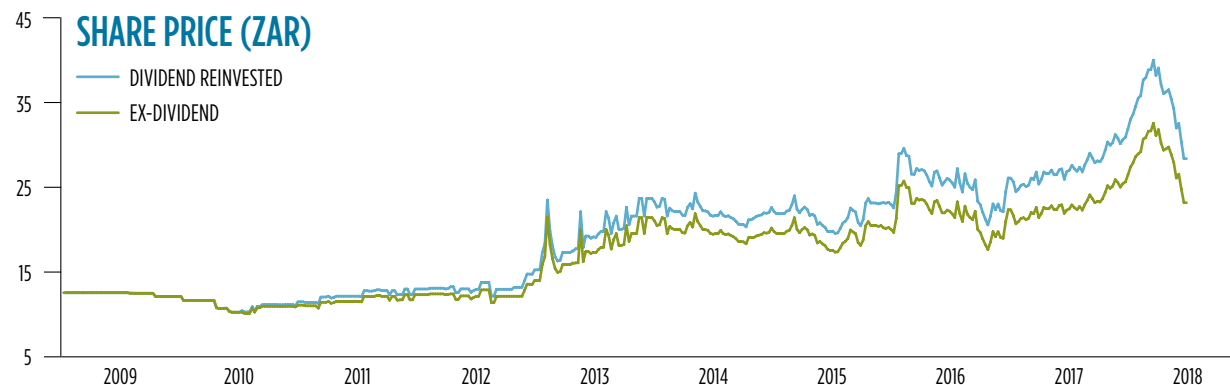
MAS is internally managed, combining investment, development and asset management skills. Developments are undertaken both directly and by teaming up with strong developers that have intimate knowledge of the local markets and by agreeing terms that lead to a strong alignment of interests.

## FUNDING

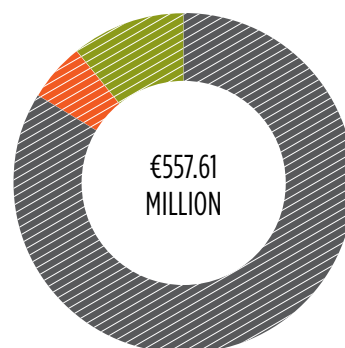
MAS is targeting a long-term aggregate portfolio LTV of 40%. This may fluctuate up to a maximum of 50% on a temporary basis as the portfolio grows. Long-term debt funding is preferred and interest rates are managed through the group's hedging strategy. Developments are generally funded through equity and refinanced at completion.

## LONG-TERM INCOME FROM STRONG COVENANTS

MAS has assembled a high quality portfolio of commercial property and developments across Europe, with investment into CEE via two ventures with Prime Kapital, a development venture ("PKM Developments") and a co-investment venture focused on income-generating assets. At 31 December 2017 the portfolio had an outstanding weighted average lease term of 10 years, occupied by tenants with strong corporate covenants.

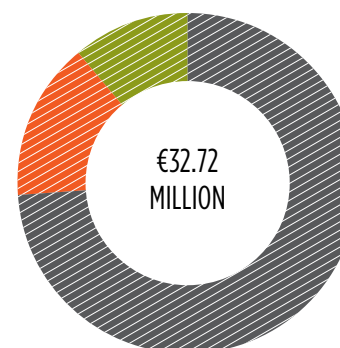


**INVESTMENT PROPERTY<sup>1</sup>**  
BY SEGMENT



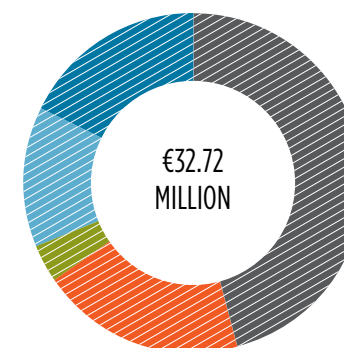
INCOME-GENERATING	€461.74M
DEVELOPMENTS	€38.63M
LAND BANK	€57.24M

**PASSING RENT<sup>2</sup>**  
BY SECTOR



RETAIL	€24.34M
INDUSTRIAL/LOGISTICS	€4.82M
HOTEL	€3.56M

**PASSING RENT<sup>2</sup>**  
BY LOCATION



GERMANY	€14.80M
UK	€6.34M
SWITZERLAND	€1.15M
POLAND	€4.71M
BULGARIA	€5.72M

<sup>1</sup> MAS' share, including share of PKM Developments

<sup>2</sup> MAS' share of the income-generating portfolio's passing rent

NOTICE: Information contained in the document has not been audited but is believed to be accurate and correct, and statements of opinion in this document are considered by the Company to be reasonable, in each case at the date of this document. The Company does not however accept responsibility for any such information, and all recipients of this document are expressly reminded of the requirement to carry out their own due diligence into MAS Real Estate Inc. Recipients should further pay particular attention to the disclaimer contained in the section "Disclaimer". For further information about MAS Real Estate Inc., please visit our website [www.masrei.com](http://www.masrei.com) © MAS Real Estate Inc., December 2018. All rights reserved.

# PORTFOLIO OVERVIEW

## HISTORY

Established in 2008, MAS has assembled, through acquisition and development, a high quality portfolio of retail, office, industrial, logistics and hotel properties in Germany, the United Kingdom, Bulgaria, Poland, Switzerland and Romania. The income-generating properties have income derived from tenants with exceptional covenants.

## OUTLOOK

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

Although CEE markets have 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 assets ripe for re-development or displacement.

Accordingly, MAS has embarked upon expansion into the growing economies of CEE. To facilitate the expansion, the group has partnered with Prime Kapital, a management team with exceptional development, investment and financing experience in these markets.



## INCOME-GENERATING PROPERTY SCHEDULE

31 DECEMBER 2017<sup>1</sup>

	Location	Asset type	Ownership	Completion (FY)	Currency	No of assets	TOTAL ASSET					MAS' SHARE	
							GLA	Occupancy	WALT	Book Value	Passing rent	Book Value	Passing rent
							sqm	%	years	€m	€m	€m	€m
<b>Income-generating portfolio</b>						40	358,015	98%	9.77	492.96	35.33	461.74	32.72
Galleria portfolio	Bulgaria	Retail	80%	2017	EUR	2	58,772	95%	6.42	66.87	7.15	53.50	5.72
Nova Park	Poland	Retail	80%	2017	EUR	1	32,553	91%	4.48	89.25	5.89	71.40	4.71
Edeka MIHA portfolio	Germany	Retail	100%	2017	EUR	20	50,964	100%	13.52	55.81	3.84	55.81	3.84
Toom portfolio	Germany	Retail	100%	2015	EUR	3	25,291	100%	11.33	29.85	2.20	29.85	2.20
Edeka Thales portfolio	Germany	Retail	100%	2016	EUR	3	21,845	96%	13.00	29.13	2.00	29.13	2.00
Heppenheim Park	Germany	Retail	100%	2015	EUR	1	17,078	100%	9.97	28.40	1.94	28.40	1.94
Bruchsal	Germany	Retail	100%	2015	EUR	1	7,103	100%	4.62	23.70	1.46	23.70	1.46
Gotha	Germany	Retail	100%	2015	EUR	1	9,442	100%	8.50	12.60	0.99	12.60	0.99
Munich	Germany	Industrial	100%	2017	EUR	1	13,090	100%	1.00	13.60	0.89	13.60	0.89
Lehrte	Germany	Retail	100%	2016	EUR	1	9,203	100%	9.11	10.30	0.76	10.30	0.76
Donaueschingen	Germany	Retail	100%	2015	EUR	1	8,235	100%	11.09	10.20	0.72	10.20	0.72
Whitbread and Arches	UK	Hotel	100%	2016	GBP	1	8,868	100%	25.93	45.11	2.10	45.11	2.10
Chippenham	UK	Industrial	100%	2015	GBP	1	62,897	99%	6.77	24.68	1.99	24.68	1.99
Adagio and retail	UK	Hotel	100%	2017	GBP	1	8,499	90%	18.89	31.61	1.46	31.61	1.46
Braehead	UK	Industrial	100%	2013	GBP	1	18,476	100%	7.12	7.41	0.79	7.41	0.79
Zurich	Switzerland	Logistics	100%	2010	CHF	1	5,699	100%	6.75	14.44	1.15	14.44	1.15

<sup>1</sup> Exchange rates as at 31 December 2017

## DEVELOPMENT PROPERTY AND LAND BANK SCHEDULE

31 DECEMBER 2017<sup>1</sup>

	Location	Asset type	Ownership	Estimated completion	Currency	No of assets	TOTAL ASSET	MAS' SHARE	
							Book Value	Book Value	Development ERV
<b>Developments</b>						15	95.27	38.63	35.71
Langley Park	UK	Hotel	100%	2018	GBP	1	0.56	0.56	0.41
Nova Park extension	Poland	Retail	80%	undisclosed	EUR	-	0.46	0.37	undisclosed
PKM Developments <sup>2</sup>	Romania	Retail	40%	2018 - 2021	EUR	14	94.25	37.70	35.30
<b>Land bank</b>						8	69.33	57.24	n/a
North Street Quarter	UK	Residential	100%		GBP	1	23.45	23.45	n/a
Langley Park	UK	Residential/Retail	100%		GBP	2	17.27	17.27	n/a
New Waverley – Phase II (residential)	UK	Residential	100%		GBP	3	8.46	8.46	n/a
PKM Developments <sup>2</sup>	Romania	Residential	40%	2019 - 2021	EUR	2	20.15	8.06	n/a

<sup>1</sup> Exchange rates as at 31 December 2017<sup>2</sup> See detailed analysis on page 5











	Location	Asset type	Ownership	Estimated completion	Currency	No of assets	TOTAL ASSET <sup>1</sup>		
							Book Value	Development Budget	ERV
<b>Total - PKM Developments</b>							114.40	495.00	35.30
<b>Development Property</b>									
Retail	CEE	Retail	40%	2018 – 2021	EUR	14	94.25	377.06	35.30
<b>Land Bank</b>									
Residential	CEE	Residential	40%	2019 – 2021	EUR	2	20.15	117.94	n/a

<sup>1</sup> The figures reflect 100% of the assets in PKM Developments, not MAS' proportionate share

#### TERMS OF PKM DEVELOPMENTS

The investment commitments in respect of PKM Developments align the interests of the partners as follows:

- i. Prime Kapital, as general partner, has invested €30m in ordinary equity, for a 60% equity interest and MAS has invested €20m in ordinary equity, for a 40% equity interest.
- ii. MAS has invested €100m in PKM Developments by way of subscription for preference shares and will invest up to a further €250m in preference shares to be drawn down over a four year period.







Income-generating portfolio	Jurisdiction	Location	Passing rent <sup>1</sup>	% of total	Description
GALLERIA PORTFOLIO	Bulgaria	Burgas and Stara Zagora	€5.72m Excluding participation equalisation	17.5%	     <p>The Galleria Burgas mall is the dominant shopping centre in Burgas, the 4th largest city in Bulgaria with a population in excess of 200,000. It has a broad tenant mix consisting of 128 tenants primarily international fashion and entertainment brands including Bershka, CCC, Cinema City, Deichmann, H&amp;M, Humanic, Ikea, Intersport, LC Waikiki, Lee Cooper, Lidl, Massimo Dutti, Oysho, Terranova and Zara. In response to strong performance and tenant demand, a 15,000 sqm GLA extension and a reconfiguration are being considered.</p>
					<p>The Galleria Stara Zagora mall is the dominant shopping centre in Stara Zagora, the 6th largest Bulgarian city with a population in excess of 140,000. The tenant mix is focused primarily on fashion and entertainment and consists of 75 tenants which includes brands such as Bershka, Cinema City, CCC, Deichmann, DM, H&amp;M, Intersport, Kenvelo, LC Waikiki, New Yorker, Nike, Pull&amp;Bear and Stradivarius. A major refurbishment and reconfiguration is planned to improve the design and commercial layout</p>
NOVA PARK	Poland	Gorzów	€4.71m Excluding participation equalisation	14.4%	   <p>A dominant regional mall situated in Gorzów. Nova Park has a diversified mix of high quality tenants including international and national brands Bershka, C&amp;A, CCC, Cropp Town, Deichman, Douglas, Empik, H&amp;M, Intersport, KFC, Media Expert, Mohito, New Yorker, Piotr i Pavel, Pull&amp;Bear, Pure Fitness, Reserved, Rossmann, Sephora, Sinsay, Smyk, Stradivarius and Super-Pharm. An adjacent land plot was acquired and detailed design work is underway to extend the 32,600 sqm GLA regional mall to consolidate its dominant position. The planned extension of 7,000 square metres of GLA includes a cinema as well as additional fashion and leisure offering.</p>
EDEKA MIHA PORTFOLIO	Germany	Multiple locations across Germany	€3.84m	11.8%	 <p>A portfolio of 20 retail units let on a long-term basis to Edeka MIHA AG. The Edeka Group is the largest German supermarket corporation, holding a market share of approximately 26% in Germany and operating approximately 4,100 stores under the Edeka brand.</p>
TOOM PORTFOLIO	Germany	Frankenthal, Gummersbach, Nordhasuen	€2.20m	6.7%	 <p>A portfolio of three retail warehouses let on a long-term basis to DIY operator Toom, part of the REWE Group, a large German retail and tourism co-operative.</p>

<sup>1</sup> MAS' share of the income-generating portfolio's passing rent

## OVERVIEW – INCOME-GENERATING PROPERTY

CONTINUED



Income-generating portfolio	Jurisdiction	Location	Passing rent <sup>1</sup>	% of total		Description
EDEKA THALES PORTFOLIO	Germany	Multiple locations across Germany	€2.00m	6.1%		A portfolio of 3 retail units let on a long-term basis to Edeka Handelsgesellschaft Südwest GmbH. The Edeka Group is the largest German supermarket corporation, holding a market share of approximately 26% in Germany and operates approximately 4,100 stores under the Edeka brand.
HEPPENHEIM PARK	Germany	Heppenheim	€1.94m	5.9%		A retail park let on a long-term basis to Bauhaus and Media Markt, part of the of Metro Group.
BRUCHSAL	Germany	Bruchsal	€1.46m	4.5%		A retail scheme located in the town centre of Bruchsal in southern Germany. The property is let to leading national and international retailers, including H&M, REWE and Müller.
GOTHA	Germany	Gotha	€0.99m	3.0%		A retail unit located in a well established trading area and let on a long-term basis to Real, a leading hypermarket chain, part of the Metro Group.
MUNICH	Germany	Munich	€0.89m	2.7%		An industrial property located in Munich, Germany. The property is let to Volkswagen, the leading German auto manufacturer.
LEHRTE	Germany	Lehrte	€0.76m	2.3%		A stand-alone retail warehouse let on a long-term basis to OBI, the largest DIY operator in Europe, part of the Tengelmann group.

<sup>1</sup> MAS' share of the income-generating portfolio's passing rent






## OVERVIEW – INCOME-GENERATING PROPERTY




CONTINUED



Income-generating portfolio	Jurisdiction	Location	Passing rent <sup>1</sup>	% of total		Description
DONAUESCHINGEN	Germany	Donaueschingen	€0.72m	2.2%		A stand-alone retail warehouse let on a long-term basis to Bauhaus, a pan-European DIY franchise with approximately 250 stores in over 20 countries.
WHITBREAD AND ARCHES	UK	Edinburgh	€2.10m	6.4%	  	The two hotels and associated retail units are part of the New Waverley development, a mixed-use project developed by MAS in the heart of Edinburgh, Scotland.  The two hotels are let on a long-term basis to Whitbread Group plc, a FTSE 100 company and operated under the brands Premier Inn and the Hub Premier Inn.
CHIPPENHAM	UK	Chippenham	€1.99m	6.1%	  	A 117,000 sqm industrial warehouse and office park more than half of which is occupied by Siemens, the largest engineering company in Europe, with the balance being let to other strong tenants. The property has an excellent location close to the town centre, adjacent to the town's train station.
ADAGIO AND RETAIL	UK	Edinburgh	€1.46m	4.5%	  	A 146 room aparthotel pre-let to Adagio, and guaranteed by both Accor and Pierre & Vacances, with frontage directly onto the Royal Mile, Edinburgh, together with a further 5 retail units. The development completed and was handed over to the tenant in November 2016.  More information available at <a href="http://www.newwaverley.com">www.newwaverley.com</a>
BRAEHEAD	UK	Glasgow	€0.79m	2.4%		An industrial warehouse let to Howden Group, a subsidiary of the Colfax Corporation, a NYSE listed industrial solutions provider. The property has good development potential due to its close proximity to the Braehead shopping centre near Glasgow.
ZURICH	Switzerland	Buchs	€1.15m	3.5%		A logistics warehouse located in proximity to Zurich and is let on a long-term basis to DPD, Europe's second largest parcel delivery network, part of Geo post.

<sup>1</sup> MAS' share of the income-generating portfolio's passing rent

Development Property	Jurisdiction	Location		Description
LANGLEY PARK	UK	Chippenham, Wiltshire		A development of a 69 room hotel pre-let to Travelodge, together with a café of 186 sqm. Planning permission was granted in September 2016 and construction is set to commence before the end of the calendar year. The new 25 year hotel lease will begin on practical completion in 2018 generating an income of £313,000 per annum with the retail unit generating a further c£50,000 per annum when let.
NOVA PARK EXTENSION	Poland	Gorzów		<p>Land was acquired with a view to extend the GLA. The planned extension will consolidate the centre's position as a regionally dominant mall and add to the diversified mix of high quality tenants. Major improvements under consideration include::</p> <ul style="list-style-type: none"> <li>• Replacement of supermarket with a hypermarket</li> <li>• 6 to 7 screen cinema</li> <li>• Addition of large fashion anchors</li> <li>• Entertainment area</li> <li>• Increase in food court offering and seating area</li> <li>• Reconfiguration of entrance</li> <li>• Improved layout and visibility</li> </ul>
NEW WAVERLEY – PHASE II (OFFICE)	UK	New street, central Edinburgh		<p>New Waverley Phase II Office is a development of 19,000 sqm of Grade A office space, pre-let to the UK Government on a 25-year lease. The development was forward-sold under a funding agreement to Legal and General for approximately €23.5 million during the period, with further development profits to be paid upon completion of the construction. The transaction reflects the strong income stream, covenant strength and rare prime city centre location afforded by the New Waverley development. The risk-free nature of the income stream from the UK Government lease and guarantee attracted significant interest from large institutional investors. The disposal facilitates the recycling of capital into further opportunities as part of the group's stated investment and growth strategy.</p> <p>More information available at <a href="http://www.newwaverley.com">www.newwaverley.com</a></p>

Land Bank	Jurisdiction	Location	Description
NORTH STREET QUARTER	UK	Lewes, East Sussex	 <p>North Street Quarter is a large development site in the heart of Lewes, East Sussex, near the high street. The strategy is to deliver a vibrant, mixed-use neighbourhood that will regenerate the area around North Street, including the Phoenix Industrial Estate. This is the largest brownfield site in the South Downs National Park.</p> <p>Planning permission was granted in December 2015 for a mixed-use scheme. The 15 acre (6.07 ha) development plan has been created in partnership with Lewes District Council, delivering 416 new homes (40% affordable) and 13,000 sqm of commercial space, accommodating c475 full time jobs including workshops; retail space; a health centre; 6,500 sqm of industrial space on the separate Mallings Brooks site; new riverside walkway and public square; foot and cycle bridge; and car park.</p> <p>The final agreements with the planning and local government authorities subsequent to the granting of planning consent are currently being completed with the intention of undertaking a phased roll-out of the disposal strategy for the scheme.</p> <p>More information available at <a href="http://www.northstreetqtr.co.uk">www.northstreetqtr.co.uk</a></p>
LANGLEY PARK – RESIDENTIAL/RETAIL	UK	Chippenham, Wiltshire	 <p>Langley Park – Residential represents the residential development section of the Chippenham property acquired in 2014. Planning consent was received in September 2016 for 400 residential units. The site is in the process of being sold and initial offers from housebuilders have been received. The construction of the hotel, pre-let to Travelodge, will also commence shortly together with the sale of the supermarket land site to Aldi. This will complete the acquisition business plan for this property, with strong income continuing to be generated from tenants, including Siemens, on the adjacent Technology Park, where further extensions are now under consideration.</p>
NEW WAVERLEY – PHASE II (RESIDENTIAL)	UK	New street, central Edinburgh	 <p>New Waverley – Phase II Residential represents the residential element of the large New Waverley development. Proposals from residential developers have been received and are currently being reviewed and compared against in-house delivery options.</p> <p>More information available at <a href="http://www.newwaverley.com">www.newwaverley.com</a></p>

## OVERVIEW – PKM DEVELOPMENTS



PKM Developments	Jurisdiction	Location	Description
CEE DEVELOPMENTS	CEE	Romania	<p>PKM Developments has a retail development pipeline including a super-regional mall, 2 regionally dominant malls and 11 value centres anchored by Carrefour or Kaufland, with a high concentration of international retailers.</p> <p>The pipeline also includes 2 large-scale residential projects. Avalon Estates is an upmarket modern housing estate near the new developing central business district and commercial centre in the affluent northern part of Bucharest. Marmura apartments is a large-scale residential block with up to 380 apartments in the expanding north-west of Bucharest.</p>





## GEARING PROGRAMME FOR CURRENT ASSETS

Target portfolio LTV

40%

Asset level LTV at 31 December 2017

26%

## DRAWN

Debt

Weighted effective cost of debt at 31 December 2017

2.67%

Weighted average term

7 years

## COMMITTED

Debt

Weighted effective cost of debt at 31 December 2017

1.32%

Weighted average term

7 years

## NEGOTIATED

Debt

Estimated weighted effective cost of debt

2.80%

Estimated weighted average term

5 years

## DRAWN, COMMITTED AND NEGOTIATED DEBT

BY CURRENCY

€194.59m

2.67%

7 years

€6.99m

1.32%

7 years

€16.91m

2.80%

5 years

**€218.49 MILLION**

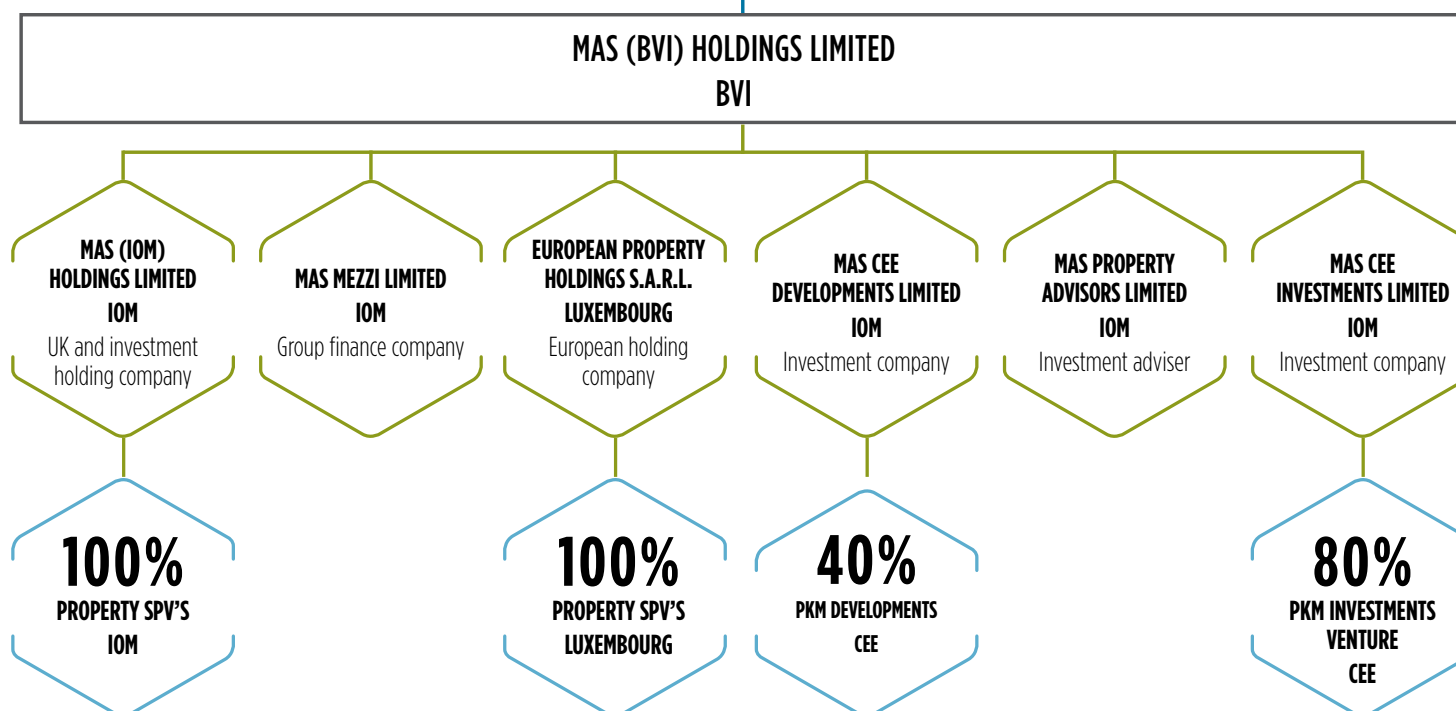
(€194.59 DRAWN)



<sup>1</sup> Includes non-controlling interest's share of debt

## MAS REAL ESTATE INC

**BVI**



## TOP 10 SHAREHOLDERS

31 DECEMBER 2017

Attacq Limited	22.70%
Argosy Capital	8.70%
Public Investment Corporation	8.00%
STANLIB Asset Management	5.33%
Absa Asset Management	4.86%
Investec Asset Management	3.11%
Sesfikile Capital	3.07%
Sanlam	2.51%
Old Mutual	2.23%
Eskom Pension & Provident Fund	1.96%
<b>Total</b>	<b>62.47%</b>

MAS provides access to a specialist management team, with knowledge and experience across the European markets. The group has resources on the ground with staff and associate offices in the Isle of Man, London, Edinburgh, Frankfurt and Bucharest (through our venture partner, Prime Kapital). Senior management is well aligned with the company and its shareholders by owning stakes in the business that represent a significant portion of their personal wealth, as well as through a remuneration structure that balances short and long-term objectives.



#### **MORNÉ WILKEN, CEO**

B.Eng (Hons)  
Industrial

Morné was appointed as Chief Executive Officer of MAS on 1 January 2018.

Morné was previously CEO of Attacq Limited and has extensive experience in property development, property investment, property finance, corporate restructuring and acquisitions. Morné is based in the Isle of Man.



#### **MALCOLM LEVY, CFO**

MCom, MBA (Oxon),  
CA (SA), CFA

Malcolm is a co-founder of the business and has served as CFO since the establishment of the group. He was previously an equities fund manager and investment analyst in London. Malcolm is based in the Isle of Man.



#### **JONATHAN KNIGHT, CIO**

(BSc Hons) MRICS

Jonathan joined the group as CIO in 2014. Jonathan has over 29 years' experience in the real estate industry, most recently as a director at ING Bank in London and Amsterdam, working on various European and global real estate projects. Jonathan is based in London.

# NON-EXECUTIVE DIRECTORS



## RON SPENCER

C.Dir

Ron is an independent non-executive director and the chairman of MAS. He was managing director of Merrill Lynch Investment Managers Holdings (IOM) Limited, and is now the chair of the Isle of Man Gambling Supervision Commission. Ron is based in the Isle of Man.



## GLYNNIS CARTHY

CA (SA)

Glynnis is an independent non-executive director. She is an Independent Financial Reporting Advisor, with experience as a member of the Financial Reporting Investigations Panel of the JSE; and as a committee member of SAICA's Accounting Practices Committee. Glynnis is based in England.



## PIERRE GOOSEN

B.Com (Law), LLB, MBA

Pierre is an independent non-executive director. He is managing director of Argosy Capital, a European based private equity and venture capital investment business. Prior to joining Argosy, Pierre worked at two highly regarded international law firms practising as a commercial, private equity and funds lawyer. Pierre is based in the Isle of Man.



## JACO JANSEN

B.Com Hons, CA (SA)

Jaco is a non-executive director of MAS. Previously Jaco was the head of the investment services division at a global wealth advisory and administration business managing in excess of \$500 million for private clients and advising on a multi-asset class basis to institutional clients with \$2.3 billion of assets. Jaco is based in the Isle of Man.



## GIDEON OOSTHUIZEN

B.Eng Mech

Gideon is an independent non-executive director of MAS. He is a non-executive director of the Atterbury Property Group and of Atterbury Europe B.V., a leading real estate development and investment group with assets exceeding \$2 billion. Gideon is based in South Africa.





## STATEMENT OF DIRECT AND INDIRECT INVESTMENT RESULT



	IFRS Six-month period ended 31 December 2017	IFRS Six-month period ended 31 December 2016	IFRS Year ended 30 June 2017
Euro			
<b>DIRECT INVESTMENT RESULT</b>			
Gross rental income	18,974,145	11,067,791	27,032,238
Service charge income and other recoveries	2,147,390	1,541,342	4,550,190
	<b>21,121,535</b>	<b>12,609,133</b>	<b>31,582,428</b>
Service charge and other property operating expenses	(5,859,557)	(2,421,484)	(7,597,216)
<b>Net rental income</b>	<b>15,261,978</b>	<b>10,187,649</b>	<b>23,985,212</b>
Other income	89,831	—	—
Corporate expenses	(2,500,957)	(1,885,474)	(3,253,610)
<b>Net operating income</b>	<b>12,850,852</b>	<b>8,302,175</b>	<b>20,731,602</b>
Share of gain from equity accounted investees	137,672	36,154	132,602
<b>Profit before net financing costs</b>	<b>12,988,524</b>	<b>8,338,329</b>	<b>20,864,204</b>
Finance income	3,950,621	39,527	1,207,196
Finance costs	(2,477,372)	(841,656)	(2,238,497)
<b>Profit before taxation</b>	<b>14,461,773</b>	<b>7,536,200</b>	<b>19,832,903</b>
Current taxation	(218,234)	(424,496)	(1,741,449)
Non-controlling interest	(676,312)	(42,098)	(192,276)
<b>TOTAL DIRECT INVESTMENT RESULT</b>	<b>13,567,227</b>	<b>7,069,606</b>	<b>17,899,178</b>
<b>INDIRECT INVESTMENT RESULT</b>			
Sales of inventory property	6,398,637	—	—
Cost of sales of inventory property	(5,339,258)	—	—
<b>Profit on sales of inventory property</b>	<b>1,059,379</b>	<b>—</b>	<b>—</b>
Fair value adjustments	(613,755)	(3,265,620)	25,592,290
Goodwill impairment	(1,274,346)	—	—
Share of gain from equity accounted investees	1,405,385	—	45,795
Investment expenses	(1,335,379)	(186,519)	(281,061)
Other expenses	—	—	(245,419)
- Service charges and other property operating expenses	—	—	(820)
- Corporate expenses	—	—	(244,599)
Exchange differences	(586,186)	(2,908,077)	(4,684,895)
Current taxation	(1,860,399)	—	—
- Capital gain taxation	(1,659,117)	—	—
- Inventory property sales	(201,282)	—	—
Deferred taxation	1,047,747	(76,462)	(3,942,153)
Non-controlling interest	293,805	(1,030,477)	(795,787)
<b>TOTAL INDIRECT INVESTMENT RESULT</b>	<b>(1,863,749)</b>	<b>(7,467,155)</b>	<b>15,688,770</b>
<b>Profit/(loss) for the period/year</b>	<b>11,703,478</b>	<b>(397,549)</b>	<b>33,587,948</b>
Non-controlling interest	382,507	1,072,575	988,063
<b>IFRS PROFIT - DIRECT PLUS INDIRECT INVESTMENT RESULT</b>	<b>12,085,985</b>	<b>675,026</b>	<b>34,576,011</b>



	Six-month period ended 31 December 2017	Six-month period ended 31 December 2016
Euro		
Direct investment result	13,567,227	7,069,606
Company specific adjustments:		
Elimination of direct earnings in associate	(137,672)	—
Net attributable profit on sale of inventory property	643,573	—
Prior period adjustments	—	1,372,699
Distributable earnings before effect of shares issued during the period	14,073,128	8,442,305
Weighted average number of shares in issue	520,975,749	372,250,746
<b>Distributable earnings per share (euro cents per share)</b>	<b>2.70</b>	<b>2.27</b>
Distributable earnings before effect of shares issued during the period	14,073,128	8,442,305
Adjustment relating to shares issued during the period	3,050,851	188,987
<b>Distributable earnings (after adjustment for shares issued during the period)</b>	<b>17,123,979</b>	<b>8,631,292</b>
Closing number of shares in issue	633,915,786	380,583,836
<b>Euro cents</b>		
Distributable earnings per share	2.70	2.27
Adjustment from reserves per share	0.88	0.39
<b>Distribution per share</b>	<b>3.58</b>	<b>2.66</b>

**EPRA PERFORMANCE MEASURES**

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

## Reconciliation of IFRS NAV to EPRA NAV

	As at 31 December 2017	As at 31 December 2016	As at 30 June 2017
Euro			
Equity attributable to the owners of the group	865,998,006	428,912,350	582,053,971
Adjustments for:			
Fair value of interest rate swaps	1,130,924	2,488,440	2,251,649
Deferred tax	3,005,710	605,304	4,240,319
NCI in respect of the above adjustments	(247,180)	—	(102,479)
<b>EPRA NAV</b>	<b>869,887,460</b>	<b>432,006,094</b>	<b>588,443,460</b>
Fully diluted number of shares	634,171,721	380,583,836	467,366,299
- Closing number of shares in use	633,915,786	380,583,836	467,366,299
- Effect of share options	255,935	—	—
<b>EPRA NAV per share (euro cents)</b>	<b>137.17</b>	<b>113.51</b>	<b>125.91</b>



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