



MAS REAL ESTATE INC.



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS SIX-MONTH PERIOD ENDED 31 DECEMBER 2017

HIGHLIGHTS

DISTRIBUTION
PER SHARE OF
3.58
EURO CENTS
PROPOSED

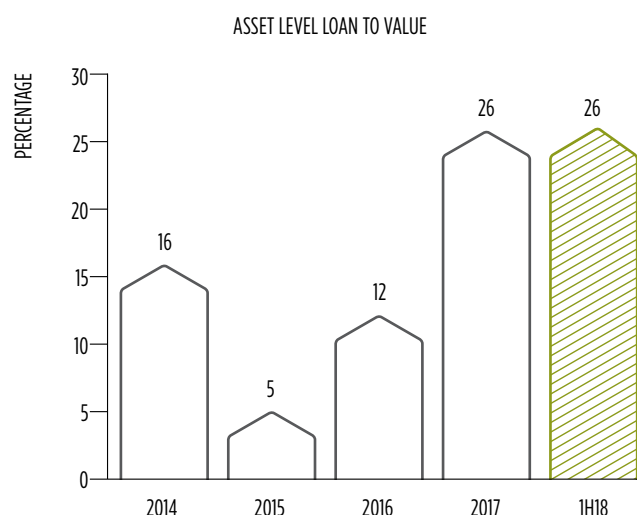
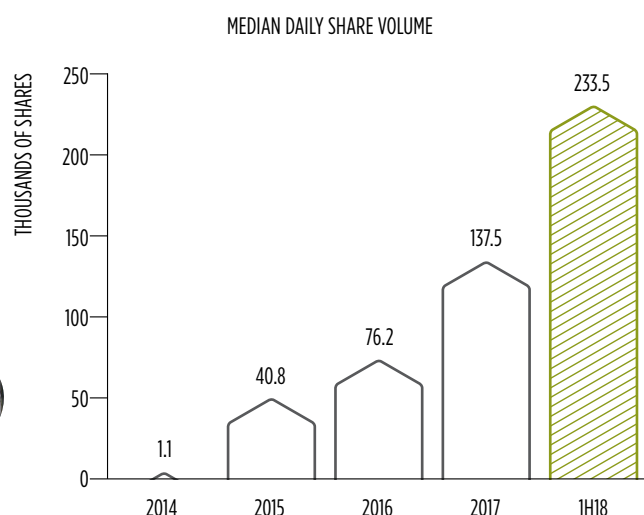
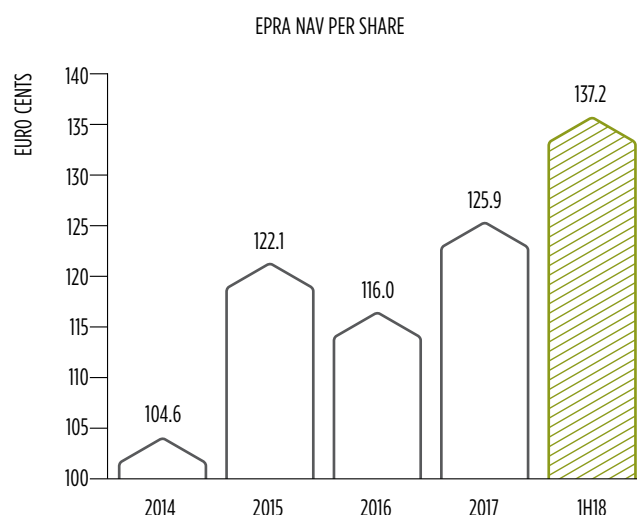
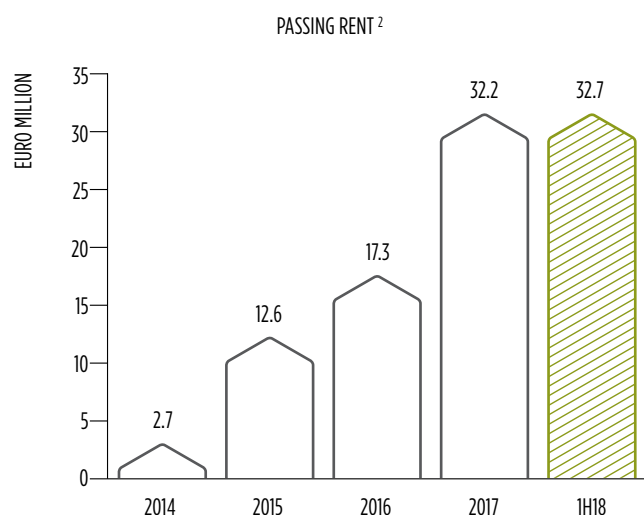
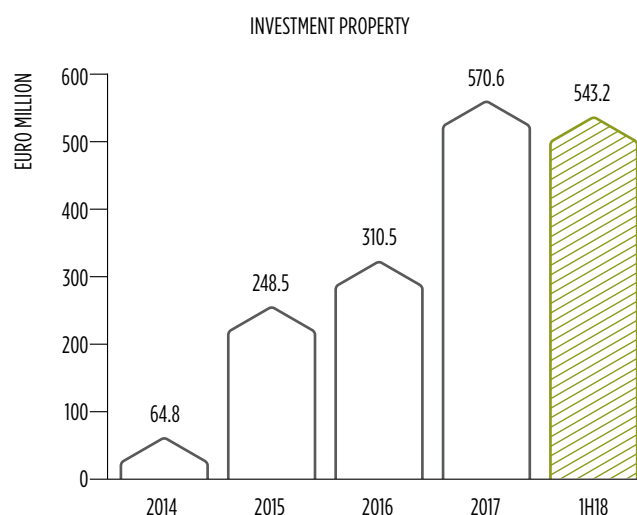
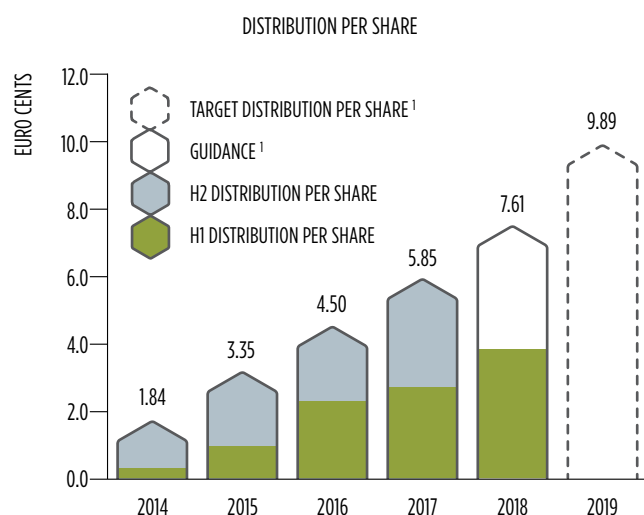
9%
INCREASE IN EPRA
NAV PER SHARE

STRONG
BALANCE SHEET
€387M
OF EQUITY
AVAILABLE FOR
INVESTMENT

**GROWING
PIPELINE
OF INVESTMENT AND
DEVELOPMENT
OPPORTUNITIES**



KEY METRICS



¹ On the assumption that the acquisition and development pipeline and further opportunities being pursued will progress as expected, a stable macro-economic environment will prevail, no major corporate failures will occur, the investments and developments reported on in the directors report will progress in accordance with expectations and budgeted rental income based on contractual escalations and market related renewals are collected.

² MAS' share of the income-generating portfolio's passing rent

DIRECTORS' REPORT

DISTRIBUTABLE EARNINGS

The group achieved distributable earnings of €17.1 million for the six month reporting period, a growth of 98% relative to the comparative period in the previous financial year. This improvement in distributable earnings was driven by the full period effect of accretive acquisitions, completion of developments and the deployment of capital into PKM Developments Limited. The impact of the capital raised in 2017 has a dilutive impact on the per share earnings growth, until the capital raised is deployed into the income-generating and development pipeline.

DISTRIBUTION

The Board of Directors has proposed a distribution of 3.58 euro cents per share in respect of the first half of the 2018 financial year, which includes a supplement of 0.88 euro cents per share from reserves. This per share distribution represents an increase of 34.6% over the comparative period in the previous financial year.

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

As the group pursues various earnings accretive property investments and developments, both directly and indirectly through PKM Developments, the board will continue to consider distributing retained income, capital and other profits during forthcoming financial periods to produce an even distribution per share growth profile during this transition period.

CAPITAL MANAGEMENT

Mitigating the group's future funding obligations in relation to PKM Developments has been a strategic priority. Accordingly, the group took advantage of the opportunity to raise adequate equity to fully meet its commitments to PKM Developments and to finance suitable acquisition opportunities.

To manage the timeline towards draw down of funding commitments by PKM Developments, the group has made investments in a portfolio of liquid European REITs, totalling circa €200 million at period end, with a

predominantly retail focus. This strategy enables the group to:

- generate a return on funds earmarked for PKM Developments before drawdown, compared to the negative euro interest rates on cash;
- efficiently match the asset/liability profile;
- gain access to a collateral pool for a debt facility at low margins that could be used to act quickly to secure investment opportunities and to efficiently manage the capital requirements of the group going forward; and
- gain exposure to high quality positions in investments with similar risk exposures.

These REIT investments will be disposed of in the periods ahead as the drawdowns for PKM Developments are made.

INCOME-GENERATING PORTFOLIO

Recycling capital out of mature assets is a strategic priority. In Germany, the Aldi portfolio has been disposed of in its entirety, together with a non-core office building, all at a profit to book value. Attractive offers for components of the New Waverley development have also been received, facilitating the potential to recycle capital from areas where value has been created and prices are high to better yielding opportunities that allow the group to leverage its ability to asset manage and create value from such assets.

The acquisition pipeline under due diligence, across both western Europe and CEE, totals in excess of €400 million, significantly up from €150 million as reported in November 2017. Substantial acquisitions are expected to complete in the next six months.

DEVELOPMENTS AND EXTENSIONS

NEW WAVERLEY, EDINBURGH, SCOTLAND

The office component of the New Waverley development, pre-let to the UK Government on a 25-year lease, was forward-sold under a funding agreement to Legal and General for approximately €23.5 million, 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. The last remaining undeveloped component of New Waverley is the residential element. Proposals from residential developers have been received and are currently being reviewed and compared against in-house delivery options.

LANGLEY PARK, CHIPPENHAM, UK

The development site with residential planning consent at Langley Park, in Chippenham, UK, 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.

GALLERIA PORTFOLIO, BULGARIA (PRIME KAPITAL INVESTMENT JV)

In response to strong performance and tenant demand, a 15,000 square metre GLA extension and a reconfiguration are being considered in relation to Galleria Burgas (37,500 square metre GLA pre-extension). The extension will increase the fashion and leisure offering and consolidate the mall's dominance in its catchment area of approximately 480,000 people within 60 minutes' drive (supplemented by a significant number of tourists during the summer holiday season, as the city is near the most popular Black Sea resorts on the Bulgarian coast). A major refurbishment and reconfiguration is also planned to improve the design and commercial layout of Galleria Stara Zagora (21,300 square metre GLA), the only dominant mall in Stara Zagora.

NOVA PARK SHOPPING MALL, GORZÓW, POLAND (PRIME KAPITAL INVESTMENT JV)

An adjacent land plot was acquired, and detailed design work is underway, to extend the 32,600 square metre GLA regional mall to consolidate its dominant position in its catchment area of 460,000 people within 60 minutes' drive, enhance footfall and add further to net operating income. The planned extension of approximately 7,000 square metres of GLA includes a cinema as well as additional fashion and leisure offering.

PKM DEVELOPMENTS

The secured development pipeline in CEE amounted to approximately €785 million, as at the trading update issued in November 2017. After this date PKM Developments has completed the first three Kaufland convenience value centre extensions, made substantial positive progress in relation to planning, permitting and leasing of the retail developments (super-regional and regional malls and convenience value centre developments), and significantly advanced the planning and design of the two residential developments in the fast growing Bucharest market. However, substantial regulatory difficulties were encountered with the development process of Emonika in Slovenia. PKM Developments has consequently informed its counter parties during February 2018 of its decision to indefinitely suspend its development efforts in relation to the project. Further to this PKM Developments decided that it was prudent to remove this project (approximately €290 million) from its secured development pipeline. The decision is not expected to have an impact on MAS' distribution growth targets communicated to the market. Further details on the development pipeline are provided below.

EMONIKA MIXED USE PROJECT

As previously reported to the market, PKM Developments conditioned its payment obligations to the seller on finalising various outstanding regulatory and related issues with the Slovenian Railways ("SZ"), the Municipality of Ljubljana and the Republic of Slovenia. Although in-principle commercial agreement was reached with SZ, and despite continuing encouraging

progress on various fronts, it became evident in January 2018 that certain regulatory issues were insurmountable. The resulting position left matters on a footing that did not meet the minimum commercial and other requirements of all the parties. As a result, PKM Developments took the decision to suspend further work on the project to focus its attention elsewhere. Since the development was structured to limit costs in case of failure to resolve regulatory issues, the current potential aborted costs are expected to be limited to approximately €1.5 million. MAS' share of this is approximately €600,000.

REDEVELOPMENT OF ERA SHOPPING PARK IASI INTO MALL OF MOLDOVA, A SUPER-REGIONAL MALL

As noted in the November trading update and following on from the acquisition of the senior secured debt, PKM Developments acquired the entire equity interests of the former indirect owners of Era Shopping Park Iasi. The intention is to redevelop the asset into the planned 100,000 square metre GLA super-regional Mall of Moldova with an extensive retail and leisure offering, making it the largest retail and leisure development in Romania outside Bucharest. The acquisition of the equity interests has accelerated the redevelopment timetable anticipated at the time of the acquisition of the senior debt, bringing forward the expected opening of the enlarged centre to the end of the 2019 calendar year. Retailer interest in the planned redevelopment is exceptionally strong, design work is advanced, and the permitting process is underway.

ARGES MALL

A lease agreement has been concluded with Carrefour to anchor the 50,000 square metre GLA, regionally dominant shopping mall that PKM Developments plans to develop in a central, high density location in Pitesti, Romania. Several other major tenants expressed strong interest in the planned retail consolidation for the Pitesti and wider Arges region. Work is ongoing in relation to permitting.

DAMBOVITA MALL

Permitting is underway in respect of the 31,000 square metre GLA regional shopping mall, in Targoviste, Romania, the first mall in the Dambovita county. This forms part of, and is complemented by, a wider urban regeneration project undertaken by the local authorities within 2 km of the city centre, in a densely populated residential area.

PLOIESTI VALUE CENTRE

As previously reported, PKM Developments plans to develop a 26,500 square metre GLA retail value centre with a high concentration of anchor tenants on a plot of land in a densely populated residential area in close proximity to the city's main train station, tram station and bus station with high visibility and very good road access. The land acquisition was placed at risk due to one of the sellers becoming insolvent. At the date of this report, this matter has been resolved in favour of PKM Developments, the creditors of the insolvent vendor having approved the proposed restructuring of the transaction and the sale of land to PKM Developments. Interest from anchor tenants is strong and planning is currently ongoing.

DNI VALUE CENTRE

Leasing is progressing well in relation to the 28,000 square metre GLA convenience value extension centre of the existing Hornbach and planned Lidl units in Balotesti, a rapidly developing affluent residential area, approximately 25km north of Bucharest. Agreements have been concluded with anchor tenants such as Carrefour (hypermarket), Jysk, Noriel, Pepco and Animax. The permitting process is underway, but there are certain remaining planning risks that may cause the opening date of the first phase of the development to be delayed beyond the end of the 2018 calendar year.

BAIA MARE VALUE CENTRE

Leasing is progressing well in relation to the approximately 22,000 square metre GLA development. Agreements have been entered into with Carrefour (hypermarket) and Pepco. Permitting is ongoing and the centre is expected to open for trade by the end of the 2018 calendar year, as scheduled.

DIRECTORS' REPORT (CONTINUED)

ROMAN VALUE CENTRE

PKM Developments completed the acquisition of the 6.1 hectares of land in Roman, Romania (as of January 2018). In response to positive feedback from prospective tenants, the planned development was increased to 19,000 square metres of GLA. Lease agreements have been concluded with Carrefour (the first hypermarket in town) and Pepco. Permitting is ongoing and the centre is expected to open for trade by the end of the 2018 calendar year, as scheduled.

KAUFLAND VALUE CENTRE EXTENSIONS (30,500 SQUARE METRES AGGREGATE GLA)

The first three convenience value extensions of existing Kaufland mini-hypermarkets opened for trade by the end of the 2017 calendar year. A fourth development opened in February 2018 and an additional three developments are expected to be completed by the end of 2018.

AVALON ESTATE

As previously reported, Prime Kapital is planning to develop an upmarket modern housing estate near the new developing central business district and commercial centre in the affluent, northern part of Bucharest. Since the date of the last report, substantial additional detailed design optimisation work with regard to the planned individual units has been undertaken and the number of planned units was increased to a total of 767 (previously 550) high quality houses, townhouses and apartments. As a result, the permitting process is extended, and it is currently estimated that the first units will be available for occupation in the second quarter of the 2019 calendar year.

MARMURA APARTMENTS

Zoning is in progress in respect of the 1.5-hectare site in the expanding north-west of Bucharest where a large-scale residential block development with up to 380 apartments is planned.

PROSPECTS

MAS benefits from a strong balance sheet, access to a development business with demonstrated competitive advantages in identifying and executing exceptional opportunities, a strong development and acquisition pipeline and remains focussed on meeting its distribution growth targets of 30% per annum until June 2019. Given the acquisition and development pipeline in place and further opportunities being pursued and on the assumption that a stable macro-economic environment will prevail, that no major corporate failures will occur, that the investments and developments reported on above will progress in accordance with expectations, that budgeted rental income based on contractual escalations and market related renewals are collected the board is confident that the group is well placed to achieve its targeted distribution per share growth of 30% per annum until June 2019 (this forecast has not been audited or reviewed by our auditors). At the same time, the board is cognisant of heated property markets fuelled by liquidity and owners and developers eager to dispose of over-rented properties at yields that are high by historical standards. As a result, the board is determined to retain investment discipline in relation to pursuing only quality developments and acquisitions with value-add potential and with strong long-term growth prospects. Longer term prospects will not be sacrificed in order to meet shorter term distribution growth targets.

MAS will continue to pursue profitable growth through further acquisition and development opportunities in its markets. Further announcements will be made as appropriate.

By order of the Board of Directors

DIRECTORS

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

Lukas Nakos resigned as a director on 31 December 2017. There have been no other changes to the directorate in the period.

SUPPLEMENTARY INFORMATION

Where applicable, the figures have been extracted from the supplementary information after the condensed consolidated interim financial statements and related notes.

REPORTING CURRENCY

The company's results are reported in euros.

LISTINGS

MAS holds a dual listing on the main board of the Johannesburg Stock Exchange and the Euro-MTF market of the Luxembourg Stock Exchange.

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF MAS REAL ESTATE INC.

We have reviewed the condensed consolidated financial statements of MAS Real Estate Inc., contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 December 2017 and the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the JSE Listings Requirements, the Rules and Regulations of the Luxembourg Stock Exchange and applicable legal and regulatory requirements of the BVI Business Companies Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of MAS Real Estate Inc. for the six months ended 31 December 2017 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the JSE Listings Requirements, the Rules and Regulations of the Luxembourg Stock Exchange and applicable legal and regulatory requirements of the BVI Business Companies Act 2004.

KPMG Audit LLC

Chartered Accountants

Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

23 February 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six-month period ended 31 December 2017

Euro	Note	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited year ended 30 June 2017
Rental income	4	18,974,145	11,067,791	27,032,238
Service charges and other recoveries		2,147,390	1,541,342	4,550,190
Revenue		21,121,535	12,609,133	31,582,428
Service charges and other property operating expenses		(5,859,557)	(2,421,484)	(7,598,036)
Net rental income		15,261,978	10,187,649	23,984,392
Sales of inventory property		6,398,637	—	—
Cost of sales of inventory property		(5,339,258)	—	—
Profit on sales of inventory property	5	1,059,379	—	—
Other income		89,831	—	—
Corporate expenses		(2,500,957)	(1,885,474)	(3,498,209)
Investment expenses	6	(1,335,379)	(186,519)	(281,061)
Net operating income		12,574,852	8,115,656	20,205,122
Fair value adjustments	7	(613,755)	(3,265,620)	25,592,290
Exchange differences		(586,186)	(2,908,077)	(4,684,895)
Share of profit from equity accounted investee, net of taxation	14	1,543,057	36,154	178,397
Goodwill impairment	10	(1,274,346)	—	—
Profit before finance income/costs		11,643,622	1,978,113	41,290,914
Finance income	8	3,950,621	39,527	1,207,196
Finance costs	8	(2,477,372)	(841,656)	(2,238,497)
Profit before taxation		13,116,871	1,175,984	40,259,613
Current taxation	9	(2,078,633)	(424,496)	(1,741,449)
Deferred taxation	9	1,047,747	(76,462)	(3,942,153)
Profit for the period/year		12,085,985	675,026	34,576,011
Attributable to:				
Owners of the group		11,703,478	(397,549)	33,587,948
Non-controlling interest	21	382,507	1,072,575	988,063
Basic earnings/(loss) per share (euro cents)	26	2.25	(0.11)	8.43
Diluted earnings/(loss) per share (euro cents)	26	2.25	(0.11)	8.43

The notes on pages 11 to 43 form part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Six-month period ended 31 December 2017

Euro	Note	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited year ended 30 June 2017
Profit for the period/year		12,085,985	675,026	34,576,011
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign operations – foreign currency translation differences		(1,187,667)	(2,765,558)	(5,371,692)
Total comprehensive profit/(loss) for the period/year		10,898,318	(2,090,532)	29,204,319
Attributable to:				
Owners of the group		10,515,811	(3,163,107)	28,216,256
Non-controlling interest	21	382,507	1,072,575	988,063

The notes on pages 11 to 43 form part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Six-month period ended 31 December 2017

Euro	Note	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
<i>Non-current assets</i>				
Intangible assets	10	22,515,572	24,499,280	23,967,355
Investment property	11	489,518,759	473,690,010	564,291,928
Financial investments	12	200,120,816	—	—
Financial assets	13	129,103,276	—	101,134,245
Investment in equity accounted investee	14	21,751,615	20,057,968	20,205,297
Property, plant and equipment		548,181	230,277	560,019
Deferred taxation asset	9	756,280	1,047,599	758,055
Total non-current assets		864,314,499	519,525,134	710,916,899
<i>Current assets</i>				
Financial assets	13	—	—	66,097
Trade and other receivables	15	7,688,545	27,378,402	8,707,035
Cash and cash equivalents	16	187,341,606	20,794,725	33,017,502
Investment property held for sale	17	53,647,686	3,393,501	6,336,915
Total current assets		248,677,837	51,566,628	48,127,549
Total assets		1,112,992,336	571,091,762	759,044,448
<i>Equity</i>				
Share capital	18	837,465,772	410,113,075	557,556,273
Geared share purchase plan shares	18	(21,056,010)	—	(21,056,010)
Retained earnings		60,633,693	26,753,444	55,888,038
Share-based payment reserve	19	702,521	—	225,973
Foreign currency translation reserve		(11,747,970)	(7,954,169)	(10,560,303)
Equity attributable to owners of the group		865,998,006	428,912,350	582,053,971
Non-controlling interest	21	1,030,314	1,072,595	988,063
Total equity		867,028,320	429,984,945	583,042,034
<i>Non-current liabilities</i>				
Interest bearing borrowings	23	166,657,495	117,948,266	141,751,953
Financial liabilities	22	25,304,748	6,187,015	1,670,086
Provisions		—	40,410	—
Deferred taxation liability	9	3,761,990	1,652,903	4,998,374
Total non-current liabilities		195,724,233	125,828,594	148,420,413
<i>Current liabilities</i>				
Interest bearing borrowings	23	27,929,088	3,796,331	5,461,444
Financial liabilities	22	9,991,544	1,344,932	11,211,990
Trade and other payables	24	12,279,787	10,059,974	10,816,762
Provisions		39,364	76,986	91,805
Total current liabilities		50,239,783	15,278,223	27,582,001
Total liabilities		245,964,016	141,106,817	176,002,414
Total shareholder equity and liabilities		1,112,992,336	571,091,762	759,044,448
Actual number of ordinary shares in issue	18	633,915,786	380,583,836	467,366,299
IFRS Net Asset Value per share (euro cents)		136.6	112.7	124.5

The notes on pages 11 to 43 form part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 February 2018 and signed on their behalf by:

Ron Spencer
Chairman

Malcolm Levy
Chief financial officer

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 31 December 2017

Euro	Note	Share capital	Geared share purchase plan shares	Retained earnings	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the group	Non-controlling interest	Total equity
Balance at 30 June 2016 (audited)		378,530,556	—	27,503,007	—	(5,188,611)	400,844,952	—	400,844,952
<i>Comprehensive income for the period</i>									
(Loss)/profit for the period		—	—	(397,549)	—	—	(397,549)	1,072,575	675,026
Other comprehensive income		—	—	—	—	(2,765,558)	(2,765,558)	—	(2,765,558)
Total comprehensive (loss)/profit for the period		—	—	(397,549)	—	(2,765,558)	(3,163,107)	1,072,575	(2,090,532)
<i>Transactions with the owners of the group and non-controlling interests</i>									
Issue of shares	18	39,576,609	—	—	—	—	39,576,609	—	39,576,609
Distributions	18	(7,994,090)	—	(352,014)	—	—	(8,346,104)	—	(8,346,104)
Acquisition of subsidiary with non-controlling interests		—	—	—	—	—	—	20	20
Total transactions with the owners of the group and non-controlling interests		31,582,519	—	(352,014)	—	—	31,230,505	20	31,230,525
Balance at 31 December 2016 (reviewed)		410,113,075	—	26,753,444	—	(7,954,169)	428,912,350	1,072,595	429,984,945
<i>Comprehensive income for the period</i>									
Profit/(loss) for the period		—	—	33,985,497	—	—	33,985,497	(84,532)	33,900,965
Other comprehensive loss		—	—	—	—	(2,606,134)	(2,606,134)	—	(2,606,134)
Total comprehensive profit/(loss) for the period		—	—	33,985,497	—	(2,606,134)	31,379,363	(84,532)	31,294,831
<i>Equity transactions</i>									
Share-based payment reserve	19	—	—	—	225,973	—	225,973	—	225,973
Total equity transactions		—	—	—	225,973	—	225,973	—	225,973
<i>Transactions with the owners of the group</i>									
Issue of shares	18	152,715,833	(21,056,010)	—	—	—	131,659,823	—	131,659,823
Distributions	18	(5,272,635)	—	(4,850,903)	—	—	(10,123,538)	—	(10,123,538)
Total transactions with the owners of the group		147,443,198	(21,056,010)	(4,850,903)	—	—	121,536,285	—	121,536,285
Balance at 30 June 2017 (audited)		557,556,273	(21,056,010)	55,888,038	225,973	(10,560,303)	582,053,971	988,063	583,042,034
<i>Comprehensive income for the period</i>									
Profit for the period		—	—	11,703,478	—	—	11,703,478	382,507	12,085,985
Other comprehensive loss		—	—	—	—	(1,187,667)	(1,187,667)	—	(1,187,667)
Total comprehensive profit/(loss) for the period		—	—	11,703,478	—	(1,187,667)	10,515,811	382,507	10,898,318
<i>Equity transactions</i>									
Share-based payment reserve	19	—	—	—	476,548	—	476,548	—	476,548
Total equity transactions		—	—	—	476,548	—	476,548	—	476,548
<i>Transactions with the owners of the group and non-controlling interests</i>									
Issue of shares	18	290,334,223	—	—	—	—	290,334,223	—	290,334,223
Distributions	18,21	(10,424,724)	—	(6,957,823)	—	—	(17,382,547)	(340,256)	(17,722,803)
Total transactions with the owners of the group and non-controlling interests		279,909,499	—	(6,957,823)	—	—	272,951,676	(340,256)	272,611,420
Balance at 31 December 2017 (reviewed)		837,465,772	(21,056,010)	60,633,693	702,521	(11,747,970)	865,998,006	1,030,314	867,028,320

The notes on pages 11 to 43 form part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 31 December 2017

Euro	Note	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited year ended 30 June 2017
Profit for the period/year		12,085,985	675,026	34,576,011
<i>Adjustments for:</i>				
Depreciation		18,098	13,504	27,864
Provisions		(52,441)	53,950	—
Share-based payment expense		403,302	—	245,419
Fair value adjustments	7	613,755	3,265,620	(25,592,290)
Exchange differences		586,186	2,908,077	4,684,895
Finance income	8	(3,950,621)	(39,527)	(1,207,196)
Finance costs	8	2,477,372	841,656	2,238,497
Share of profit from equity accounted investee	14	(1,543,057)	(36,154)	(178,397)
Goodwill impairment	10	1,274,346	—	—
Taxation expense	9	1,030,886	500,958	5,683,602
Other income		(89,831)	—	—
Profit on sales of inventory property	5	(1,059,379)	—	—
Changes in:				
Trade and other receivables		2,235,006	(16,114,319)	2,557,048
Trade and other payables		(536,479)	1,763,779	2,520,565
Cash generated from/(used in) operating activities		13,493,128	(6,167,430)	25,556,018
Taxation paid	9	(215,056)	(190,941)	(1,066,198)
Net cash generated from/(used in) operating activities		13,278,072	(6,358,371)	24,489,820
Investing activities				
Acquisition of investment property	11	—	(155,151,088)	(156,414,516)
Capitalised acquisition costs on investment property	11	—	(3,057,070)	(3,993,439)
Capitalised expenditure on investment property	11	(6,606,326)	(11,893,005)	(17,907,155)
Settlement of investment property acquisition retentions		—	(1,545,000)	(3,318,865)
Proceeds from the sale of investment property	11	23,826,034	274,480	7,999,160
Capitalised expenditure on investment property held for sale	17	(95,786)	—	—
Proceeds from the sale of investment property held for sale	17	5,140,745	—	—
Expenditure on inventory property	5	(5,153,579)	—	—
Proceeds from sales of inventory property	5	5,153,579	—	—
Acquisition of subsidiary net of cash acquired		—	—	(61,326,012)
Acquisition of PKM Developments preference shares		—	—	(100,000,000)
Capitalised transaction costs of equity accounted investee	14	(3,261)	(30,098)	(35,184)
Acquisition of property, plant and equipment		(30,251)	(14,767)	(34,425)
Capitalised expenditure on intangible assets		(35,428)	(111,338)	(222,519)
Proceeds from the sale of financial investments	12	—	47,045,042	47,045,042
Acquisition of financial investments	12	(198,165,906)	—	—
Dividend income received	12	83,217	—	—
Settlement of financial asset/liability		(1,251,903)	(3,327,225)	(3,327,225)
Interest received	8	3,191	39,527	72,951
Negative interest paid on cash and cash equivalents	8	(146,796)	(1,461)	(6,830)
Cash used in investing activities		(177,282,470)	(127,772,003)	(291,469,017)
Proceeds from the issue of share capital		279,909,499	31,592,882	157,984,909
Proceeds from interest bearing borrowings	23	53,000,000	80,430,900	111,657,786
Transaction costs related to interest bearing borrowings	23	(699,386)	(1,456,967)	(2,168,837)
Repayment of capital on interest bearing borrowings	23	(4,409,446)	(1,135,900)	(7,098,329)
Interest paid on interest bearing borrowings	23	(2,161,092)	(842,927)	(2,470,916)
Distributions paid	18	(6,957,823)	(352,014)	(5,202,917)
Cash generated from financing activities		318,681,752	108,235,974	252,701,696
Net increase/(decrease) in cash and cash equivalents		154,677,354	(25,894,400)	(14,277,501)
Cash and cash equivalents at the beginning of the period/year		33,017,502	47,997,978	47,997,978
Effect of movements in exchange rate fluctuations on cash held		(353,250)	(1,308,853)	(702,975)
Cash and cash equivalents at the end of the period/year	16	187,341,606	20,794,725	33,017,502

The notes on pages 11 to 43 form part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six-month period ended 31 December 2017

1. CORPORATE INFORMATION

MAS Real Estate Inc. (the “company” or “MAS”) is domiciled in the British Virgin Islands (“BVI”). These condensed consolidated interim financial statements are as at and for the six-month period ended 31 December 2017 and comprise the company and its subsidiaries (together referred to as the “group”).

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

2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (“IFRS”) IAS 34: Interim Financial Reporting, the Johannesburg Stock Exchange (“JSE”) Listings Requirements, the Rules and Regulations of the Luxembourg Stock Exchange and applicable legal and regulatory requirements of the BVI Business Companies Act 2004.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the preparation of these condensed consolidated interim financial statements the directors have made judgements, estimates and assumptions that affect the application of the group’s accounting policies and the reported amounts in the condensed consolidated interim financial statements. The directors continually evaluate these judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses based upon historical experience and on other factors that they believe to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions. The key areas of judgement are disclosed in the integrated annual report. In addition the group made the following significant judgements and estimates in respect of the six-month period ended 31 December 2017:

- **Inventory property:** The group entered into an agreement to dispose of the office land at New Waverley in Edinburgh, Scotland to Legal & General and to develop the office on a forward funding basis for Legal & General. Although the forward funding agreement is not a typical construction contract, the directors are of the view that in legal terms and substance the development represents a continuous transfer of work in progress to Legal & General, see note 5. In addition, the directors have made the following key assumptions:
 - Construction costs; and
 - Stage of completion.
- **Investment in equity accounted investee:** The group recognises interest income from its associate as a result of the investment in the PKM Developments Limited (“PKM Developments”) preference shares, see note 13. Where interest is capitalised against qualifying assets held at fair value in the associate, the group does not consider this to give rise to an asset in the associate and accordingly interest income is not eliminated and is presented in finance income.

- **Goodwill impairment:** During the period, the group impaired the New Waverley goodwill, see note 10. The recoverable amount of the cash generating unit (CGU) is determined as fair value less costs to sell. A significant proportion of the net assets consist of investment property and investment property held for sale. These assets have been measured at fair value during the period which is determined by external property valuation experts or where relevant, firm offers from market participants looking to acquire the assets. The external property valuation experts use recognised valuation techniques and apply the principals of IFRS 13: Fair value measurement. The significant methods and assumptions used by the valuers are set out in notes 11 and 17.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 30 June 2017, with the exception of:

INVENTORY PROPERTY

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost or net realisable value.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold.

The group has adopted this accounting policy in the current period and therefore it has no impact on the comparative periods.

SALES OF INVENTORY PROPERTY

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

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

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

The group has adopted this accounting policy in the current period and therefore it has no impact on the comparative periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT IN EQUITY ACCOUNTED INVESTEE

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

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

Unrealised gains arising from financing arrangements with equity accounted investees are eliminated to the extent that they give rise to an asset in the associate. Interest capitalised against qualifying assets held at fair value in the associate do not give rise to an asset in the associate and accordingly interest income is not eliminated and is presented in finance income.

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

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

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Below is a summary of new standards and amendments/improvements to existing standards and interpretations that are not yet effective:

Amendments/improvements to standards and interpretations not yet effective	Effective for annual periods beginning on or after
IFRS 9 (2014) – Financial Instruments	1 January 2018
IFRS 15 – Revenue from Contracts with Customers	1 January 2018
IAS 40 – Amendment to clarify transfers of property to, or from, investment property	1 January 2018
IFRS 16 – Leases	1 January 2019

IFRS 9 (2014) – FINANCIAL INSTRUMENTS

The group early adopted IFRS 9 (2013) in the financial year ended 30 June 2015.

The changes to IFRS 9 (2014) are in respect of the impairment model, which is based on the premise of providing for expected credit losses and will apply to financial assets measured at amortised cost, fair value through other comprehensive income and loan commitments. The standard requires a loss allowance for financial instruments to be recognised equal to the 12-month expected credit losses that result from default events on financial instruments that are possible within 12 months of the reporting date. At 31 December 2017 the group held the following financial instruments that are in the scope of the impairment model: financial assets; cash and cash equivalents; and trade and other receivables (except prepayments).

The group has assessed the potential impact resulting from the amendments and does not expect there to be any significant impact at this time.

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

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The standard applies to all contracts with customers except for: lease contracts, financial insurance contracts, financial instruments and non-monetary exchanges between entities in the same business. The majority of the group's revenue is derived from lease contracts.

The group has assessed the impact on revenue resulting from the amendments and does not expect any significant impact.

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

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

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

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

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

IFRS 16 – LEASES

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

The group will provide additional disclosure on operating leases it enters into as lessor. Other than that, the group is lessee under a lease contract for the group's head office. The group has assessed the impact of this lease and it is unlikely that there will be a significant impact.

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

4. RENTAL INCOME

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

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Edeka MIHA AG	2,918,539	2,630,622	5,316,024
Toom Baumarkt GmbH	n/a	1,134,034	n/a
	2,918,539	3,764,656	5,316,024

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

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
No later than 1 year	33,942,945	28,108,091	34,403,438
Greater than 1 year and less than 5 years	113,581,661	99,462,055	116,200,143
Greater than 5 years	178,163,445	185,296,845	190,513,803
	325,688,051	312,866,991	341,117,384

Turnover rent of €1,767,573 (December 2016: €nil; June 2017: €1,710,060) is included in rental income.

5. PROFIT ON SALES OF INVENTORY PROPERTY

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Sales of inventory property	6,398,637	—	—
Cost of sales of inventory property	(5,339,258)	—	—
Closing balance	1,059,379	—	—

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

Under the terms of the Pre-let Agreement, the group is obligated to pay £21,593,520 (approx. €24,338,056) for the office fit-out when the UK Government takes occupation of the Pre-let Office. This is referred to as the capital contribution to the UK Government in relation to the office fit-out ("capital contribution"). The group is also committed to granting the UK Government a rent-free period.

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

5. PROFIT ON SALE OF INVENTORY PROPERTY (CONTINUED)

Accordingly, the group has recognised:

- a financial liability due to the UK Government in respect of the capital contribution (see note 22); and financial asset due from Legal & General in respect of the capital contribution (see note 13). The financial liability and financial asset have not been offset because the offsetting criteria in IAS 32 – Financial Instruments: Presentation, have not been met.
- a financial liability due to Legal & General in respect of the rent-free period; and financial asset due from Legal & General in respect of the rent-free period. The financial liability and financial asset have been offset because the offsetting criteria in IAS 32 – Financial Instruments: Presentation, have been met.

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

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

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

RECONCILIATION OF INVENTORY PROPERTY:

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Opening balance	—	—	—
Development expenditure	5,339,258	—	—
Disposals (recognised in cost of sales of inventory property)	(5,339,258)	—	—
Closing balance	—	—	—

The amount paid in the period in relation to expenditure on inventory property was €5,153,579 (December 2016: €nil, June 2017: €nil).

The amount received in the period in relation to sales of inventory property was €5,153,579 (December 2016: €nil, June 2017: €nil).

6. INVESTMENT EXPENSES

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Transaction fees on listed real estate equity securities	716,956	—	—
Transaction fees on investment property/other	618,423	186,519	281,061
	1,335,379	186,519	281,061

7. FAIR VALUE ADJUSTMENTS

Euro		Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Gain/(loss) on fair value of financial investments		1,954,910	(4,569,026)	(4,569,026)
(Loss)/gain on fair value of investment property		(4,140,178)	598,369	36,763,196
Gain/(loss) on fair value of financial instruments		2,778	678,563	(7,388,675)
Gain on fair value of investment property held for sale		1,568,735	26,474	786,795
		(613,755)	(3,265,620)	25,592,290

Summarised as follows:

	Note	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Fair value movement in financial investments				
Real estate equities portfolio	12	1,954,910	—	—
Sirius Real Estate Limited ("Sirius")	12	—	(4,569,026)	(4,569,026)
		1,954,910	(4,569,026)	(4,569,026)
Fair value movement in investment property				
Income-generating	11	521,643	677,340	19,437,659
Development	11	(5,725,938)	(78,971)	17,325,537
Land bank	11	1,064,117	—	—
		(4,140,178)	598,369	36,763,196
Fair value movement in financial instruments				
Interest rate swaps	22	(46,353)	559,117	769,594
Development management fee	22	(152,455)	205,516	(1,885,457)
Forward currency contract		—	(86,070)	—
Priority participating profit dividend	22	201,586	—	(6,272,812)
		2,778	678,563	(7,388,675)
Fair value movement in investment property held for sale				
Investment property held for sale	17	1,568,735	26,474	786,795
		1,568,735	26,474	786,795

8. FINANCE INCOME AND FINANCE COSTS

The group's finance income and finance costs comprise:

Euro	Note	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Finance income				
Interest on bank deposits		3,191	39,527	72,951
Interest on PKM Developments preference shares	13	3,795,207	—	1,134,245
Capital contribution – unwind of discount	13	152,223	—	—
		3,950,621	39,527	1,207,196
Finance costs				
Interest on interest bearing borrowings	23	(2,156,911)	(840,195)	(2,231,667)
Negative interest on bank deposits		(146,796)	(1,461)	(6,830)
Capital contribution – unwind of discount	22	(152,223)	—	—
Other finance costs		(21,442)	—	—
		(2,477,372)	(841,656)	(2,238,497)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

9. TAXATION

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

The group's taxation includes the following:

Euro	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Current taxation	2,078,633	424,496	1,741,449
Deferred taxation (income)/expense	(1,047,747)	76,462	3,942,153
Taxation expense	1,030,886	500,958	5,683,602

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

Euro	Reviewed Six-month period ended 31 December 2017		Reviewed Six-month period ended 31 December 2016		Audited Year ended 30 June 2017	
	Applicable rate (%)	Taxation	Applicable rate (%)	Taxation	Applicable rate (%)	Taxation
Income/corporation taxation						
UK - income tax	20.0	526,616	20.0	256,173	20.0	420,835
UK - corporation tax	19.0	1,860,399	—	—	—	—
Switzerland	26.8	32,288	26.2	—	26.8	—
Germany	15.8	(30,351)	15.8	143,965	15.8	623,902
Poland	19.0	(280,221)	—	—	19.0	194,812
Romania	16.0	—	—	—	16.0	—
Bulgaria	10.0	—	—	—	10.0	—
Withholding taxation						
Poland	5.0	—	—	—	5.0	448,612
Wealth taxation						
Switzerland	0.2	887	0.2	1,801	0.2	5,944
Luxembourg	0.5	(30,985)	0.5	22,557	0.5	47,344
		2,078,633		424,496		1,741,449

The amount of taxation paid in the period was €215,056 (December 2016: €190,941; June 2017: €1,066,198).

RECONCILIATION OF DEFERRED TAXATION:

Euro	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Deferred taxation brought forward	4,240,319	521,449	521,449
Current period/year deferred taxation	(1,047,747)	76,462	3,942,153
Foreign currency translation difference	(30,638)	7,393	(425,070)
Acquisition of subsidiary – deferred taxation asset	—	—	380,711
Sale of investment property	(156,224)	—	(178,924)
Deferred taxation liability carried forward	3,005,710	605,304	4,240,319

The net deferred taxation liability which relates to temporary differences between accounting and fiscal value of investment property results from the following:

Euro	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Deferred taxation asset	756,280	1,047,599	758,055
Deferred taxation liability	3,761,990	1,652,903	4,998,374
Net deferred taxation liability	3,005,710	605,304	4,240,319

RECONCILIATION OF EFFECTIVE TAXATION RATE

Euro	%	Reviewed Six-month period ended 31 December 2017	%	Reviewed Six-month period ended 31 December 2016	%	Audited Year ended 30 June 2017
Profit before taxation		13,116,871		1,175,984		40,259,613
Taxation using the company's domestic rate	0.0	—	0.0	—	0.0	—
Effect of tax rates in foreign jurisdictions	(15.8)	(2,078,633)	(36.10)	(424,496)	(4.3)	(1,741,449)
Change in recognised deductible temporary differences						
- Revaluation of investment property	14.0	1,833,632	34.7	408,498	(9.4)	(3,767,882)
- Change in tax base	(6.0)	(785,885)	(41.2)	(484,960)	(0.4)	(174,271)
	(7.8)	(1,030,886)	(42.6)	(500,958)	(14.1)	(5,683,602)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

10. INTANGIBLE ASSETS

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Goodwill	22,265,340	24,387,942	23,744,836
Other intangible assets	250,232	111,338	222,519
	22,515,572	24,499,280	23,967,355

Other intangible assets consist of costs capitalised on the implementation of a new property management and accounting system. The accounting system is currently in the process of implementation, it is not yet available for use and therefore is not amortised.

Reconciliation of the group's carrying amount of goodwill:

	MAS Property Advisors Limited	New Waverley 10 Limited	Total
Euro			
Balance at 30 June 2016 (audited)	23,901,016	1,361,802	25,262,818
Foreign currency translation difference	(827,715)	(47,161)	(874,876)
Closing balance 31 December 2016 (reviewed)	23,073,301	1,314,641	24,387,942
Foreign currency translation difference	(608,440)	(34,666)	(643,106)
Closing balance 30 June 2017 (audited)	22,464,861	1,279,975	23,744,836
Foreign currency translation difference	(199,521)	(5,629)	(205,150)
Impairment	—	(1,274,346)	(1,274,346)
Closing balance 31 December 2017 (reviewed)	22,265,340	—	22,265,340

IMPAIRMENT

The recoverable amounts of the group's CGUs are the higher of their value-in-use and fair value less costs to sell.

MAS PROPERTY ADVISORS LIMITED

As there were no indicators of impairment at 31 December 2017, no impairment test was performed. Goodwill will be tested for impairment at 30 June 2018. No impairment charge arose as a result of the group's previous annual impairment test of goodwill in relation to MAS Property Advisors Limited (December 2016: nil; June 2017: nil).

NEW WAVERLEY 10 LIMITED

An impairment of €1,274,346 (December 2016: €nil; June 2017: €nil) was recognised as a result of the group's impairment test of the New Waverley 10 goodwill.

An impairment test was carried out because there was an indicator of impairment at 31 December 2017. As a result of fair valuing the investment property in the New Waverley 10 Limited CGU, the carrying amount of the CGU exceeded the recoverable amount, which resulted in all the goodwill attributable to the CGU being impaired.

The recoverable amount of the New Waverley 10 Limited goodwill was calculated using the fair value less costs to sell of the New Waverley business and is classified as level 3 in the fair value hierarchy. The majority of New Waverley net assets comprise of investment property and investment property held for sale, the valuation techniques of which have been disclosed in notes 11 and 17, respectively.

11. INVESTMENT PROPERTY

The group's investment property comprises:

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

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

Euro	As at 31 December 2017 (reviewed)		
	Fair value	Cost	Total
Income-generating property	450,304,737	—	450,304,737
Development property	—	457,184	457,184
Land bank	—	38,756,838	38,756,838
	450,304,737	39,214,022	489,518,759

Euro	As at 31 December 2016 (reviewed)		
	Fair value	Cost	Total
Income-generating property	425,203,212	—	425,203,212
Development property	—	7,583,361	7,583,361
Land bank	—	40,903,437	40,903,437
	425,203,212	48,486,798	473,690,010

Euro	As at 30 June 2017 (audited)		
	Fair value	Cost	Total
Income-generating property	494,519,173	—	494,519,173
Development property	26,413,036	3,668,759	30,081,795
Land bank	—	39,690,960	39,690,960
	520,932,209	43,359,719	564,291,928

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

11. INVESTMENT PROPERTY (CONTINUED)

As at 31 December 2017 (reviewed)

Euro	Income-generating	Development	Land bank	Total
Opening balance	494,519,173	30,081,795	39,690,960	564,291,928
Property disposals	—	(23,826,034)	—	(23,826,034)
Transfer	(9,941)	(2,738,011)	2,747,952	—
Transfer to investment property held for sale (see note 17)	(42,960,539)	(531,094)	(7,618,037)	(51,109,670)
Capitalised expenditure	225,006	3,202,877	3,178,443	6,606,326
Finance costs capitalised (see note 23)	—	220,659	88,245	308,904
Fair value adjustment (see note 7)	521,643	(5,725,938)	1,064,117	(4,140,178)
Foreign currency translation difference	(1,990,605)	(227,070)	(394,842)	(2,612,517)
Closing balance	450,304,737	457,184	38,756,838	489,518,759

As at 31 December 2016 (reviewed)

Euro	Income-generating	Development	Land bank	Total
Opening balance	242,625,172	22,430,253	41,940,654	306,996,079
Property acquisitions	155,151,088	—	—	155,151,088
Capitalised acquisition costs	3,057,070	—	—	3,057,070
Capitalised retentions (see note 22)	600,000	—	—	600,000
Property disposal	—	(274,480)	—	(274,480)
Transfer	25,458,248	(23,907,416)	(1,550,832)	—
Capitalised expenditure	(22,373)	9,995,649	1,919,729	11,893,005
Finance costs capitalised (see note 23)	—	182,256	45,953	228,209
Fair value adjustment (see note 7)	677,340	(78,971)	—	598,369
Foreign currency translation difference	(2,343,333)	(763,930)	(1,452,067)	(4,559,330)
Closing balance	425,203,212	7,583,361	40,903,437	473,690,010

As at 30 June 2017 (audited)

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

INTEREST BEARING BORROWINGS

The group's bank borrowings are secured against investment property to the value of €385,391,557 (December 2017: €220,249,616; June 2017: €428,538,519), see note 23. The group has bank borrowings of €187,047,930 designated as general borrowings (December 2016: €107,417,874; June 2017: €111,657,786).

RELATED PARTIES

The group has a development management agreement with the developer New Waverley Advisers Limited, a related party, for the development and construction of the New Waverley site in Edinburgh. A development management fee and priority participating profit dividend have been recognised in relation to the New Waverley development, see note 22. In addition, the group has capitalised costs incurred from related parties, see note 27.

MEASUREMENT OF FAIR VALUES

VALUATION PROCESS FOR LEVEL 3 INVESTMENT PROPERTY

On an annual basis the fair value of investment property is determined where applicable, by external independent property valuation experts or, where relevant, by firm offers from market participants. External valuers have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. At the interim reporting date, the fair value of investment property is determined by the directors either by reviewing the most recent external valuation and updating for any material changes to the significant inputs or by reference to other relevant information generated by market transactions.

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 their 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.

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 techniques used.

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

As at 31 December 2017 (reviewed)

Euro	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Income-generating property	450,304,737	—	—	450,304,737
	450,304,737	—	—	450,304,737

As at 31 December 2016 (reviewed)

Euro	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Income-generating property	425,203,212	—	—	425,203,212
	425,203,212	—	—	425,203,212

As at 30 June 2017 (audited)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

11. INVESTMENT PROPERTY (CONTINUED)

VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

As at 31 December 2017, 31 December 2016 and 30 June 2017

Investment property type	Valuation technique	Significant unobservable inputs	Inter-relation between key unobservable inputs and fair value measurement
Income-generating property	<i>Discounted cash flows:</i> The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	<ul style="list-style-type: none"> - Risk adjusted discount rates - Market rent - Net rental growth - Reversionary discount rate 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> - Expected market rental growth was higher/ (lower) - The occupancy rate was higher/(lower) - The reversionary discount rate was lower/(higher) - The risk adjusted discount rate was lower/(higher) - The estimated rental value was higher/(lower)
	<i>Capitalisation rate:</i> The valuation model considers the value of the property based on actual location, size and quality of the properties taking into account market data and the capitalisation rate of future income streams at the valuation date.	<ul style="list-style-type: none"> - Capitalisation rate - Market rent - Passing rent 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> - the capitalisation rate was lower/(higher) - the passing rent was higher/ (lower) - the market rent was higher/ (lower)

As at 30 June 2017

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

12. FINANCIAL INVESTMENTS

The group invested in a portfolio of listed real estate equity securities during the period.

The group classifies its investments in listed real estate equity securities as financial assets at fair value through profit or loss ("FVTPL"). Accordingly, they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss as they arise.

The group's financial investments comprise:

As at 31 December 2017 (reviewed)

	Share price (Euro)	Number of shares	Fair value (Euro)
Klepierre SA	36.66	1,626,364	59,630,636
Unibail – Rodamco SE	210.00	264,618	55,569,780
Eurocommercial Properties NV	36.31	497,333	18,058,161
Hufvudstaden AB	13.35	1,083,000	14,463,917
Fonciere des Regions SA	94.48	150,300	14,200,344
Mercialys SA	18.45	697,934	12,873,393
Land Securities Group PLC	11.36	1,115,000	12,663,602
British Land Company PLC	7.79	1,625,000	12,660,983
			200,120,816

Reconciliation of financial investments:

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Opening balance	—	51,614,068	51,614,068
Purchases	198,165,906	—	—
Disposals	—	(47,045,042)	(47,045,042)
Fair value adjustments (see note 7)	1,954,910	(4,569,026)	(4,569,026)
Closing balance	200,120,816	—	—

During the period dividend income of €83,217 was received (31 December 2016: €nil; 30 June 2017: €nil).

FAIR VALUE HIERARCHY

As at 31 December 2017 (reviewed)

Euro	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial investments	200,120,816	200,120,816	—	—
	200,120,816	200,120,816	—	—

13. FINANCIAL ASSETS

	Note	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Non-current assets				
PKM Developments preference shares		104,929,452	—	101,134,245
Capital contribution	5	24,173,824	—	—
		129,103,276	—	101,134,245
Current assets				
Forward currency contract		—	—	66,097
		—	—	66,097

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Six-month period ended 31 December 2017

13. FINANCIAL ASSETS (CONTINUED)

PKM DEVELOPMENTS PREFERENCE SHARES

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

CAPITAL COMMITMENT

As described in note 5, a financial asset and corresponding financial liability have been recognised in respect of the capital contribution due from Legal & General, and due to the UK Government, under the terms of the Pre-Let Agreement. Both the financial asset and financial liability are held at amortised cost, see note 22.

FORWARD CURRENCY CONTRACT

The group entered into a Polish Zloty forward contract to hedge the exposure on VAT receivable in relation to the Nova Park acquisition. This forward currency contract was settled during the period.

Reconciliation of the group's financial assets held at amortised cost:

	PKM Developments preference shares	Capital contribution	Total
Balance at 30 June 2016 (audited)	—	—	—
Balance at 31 December 2016 (reviewed)	—	—	—
Purchase of shares	100,000,000	—	100,000,000
Finance income	1,134,245	—	1,134,245
Balance at 30 June 2017 (audited)	101,134,245	—	101,134,245
Finance income	3,795,207	—	3,795,207
Capital contribution	—	24,022,280	24,022,280
Finance income – unwind of discount	—	152,223	152,223
Foreign currency translation reserve	—	(679)	(679)
Balance at 31 December 2017 (reviewed)	104,929,452	24,173,824	129,103,276

14. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
PKM Developments	21,751,615	20,057,968	20,205,297

RECONCILIATION OF INVESTMENT IN EQUITY ACCOUNTED INVESTEE

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Opening balance	20,205,297	19,991,716	19,991,716
Capitalised acquisition costs	3,261	30,098	35,184
	20,208,558	20,021,814	20,026,900
Share of profit	1,543,057	36,154	178,397
Closing balance	21,751,615	20,057,968	20,205,297

In addition to the investment in the ordinary shares, and the investment in PKM Developments 7.5% preference shares, the group intends to fund up to a further €250,000,000 over four years through the investment in additional 7.5% preference shares to be issued by PKM Developments.

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

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Statement of financial position – PKM Developments			
Non-current assets	94,396,995	20,051,534	48,139,879
Current assets	71,220,021	30,696,114	105,905,277
Total assets	165,617,016	50,747,648	154,045,156
Non-current liabilities	105,630,824	—	101,134,247
Current liabilities	5,762,253	737,035	2,544,687
Total liabilities	111,393,077	737,035	103,678,934
Net assets	54,223,939	50,010,613	50,366,222
Percentage ownership interest	40%	40%	40%
Group share of net assets	21,689,576	20,004,245	20,146,489
Capitalised costs	62,039	53,723	58,808
Carrying amount	21,751,615	20,057,968	20,205,297
	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Statement of profit or loss and other comprehensive income – PKM Developments			
Revenue	546,610	—	2,009
Net service charge and property operating expenses	(104,739)	—	—
Corporate expenses	(286,361)	(39,191)	(131,992)
Finance expense	(419)	(15,049)	(13,739)
Finance income	89,806	144,624	190,867
Other income	99,282	—	284,363
Exchange differences	(58,583)	—	115,719
Investment expenses	(935,331)	—	(1,235)
Fair value adjustments of investment property	4,507,377	—	—
Total profit and other comprehensive income	3,857,642	90,384	445,992
Percentage ownership interest	40%	40%	40%
Group's share of total comprehensive profit	1,543,057	36,154	178,397

15. TRADE AND OTHER RECEIVABLES

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Trade receivables from lessees	4,239,022	2,456,071	4,964,146
Receivable from sale of inventory property	1,216,516	—	—
Other	884,304	692,895	940,235
Prepayments	694,187	578,672	854,941
VAT receivable	634,516	20,911,114	947,766
Property retentions held in escrow	20,000	2,115,000	500,000
Margin collateral – interest rate swap	—	624,650	499,947
	7,688,545	27,378,402	8,707,035

The carrying amount of the group's trade and other receivables approximates the fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

16. CASH AND CASH EQUIVALENTS

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Bank balances	76,981,588	20,794,725	33,017,502
Trading account	110,360,018	—	—
	187,341,606	20,794,725	33,017,502

17. INVESTMENT PROPERTY HELD FOR SALE

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
United Kingdom			
- Hotel	43,224,089	—	1,137,200
- Retail	2,807,872	3,393,501	3,019,715
- Land bank	7,615,725	—	—
	53,647,686	3,393,501	4,156,915
Germany			
- Retail	—	—	2,180,000
	—	—	2,180,000
Closing balance	53,647,686	3,393,501	6,336,915

Reconciliation of the group's investment property held for sale were as follows:

	Note	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro				
Opening balance		6,336,915	3,515,237	3,515,237
Transfer from investment property	11	51,109,670	—	2,295,378
Disposals		(5,140,745)	—	—
Capitalised expenditure		95,786	—	—
Retention release		(275,000)	—	—
Fair value adjustment	7	1,568,735	26,474	786,795
Foreign currency translation reserve		(47,675)	(148,210)	(260,495)
Closing balance		53,647,686	3,393,501	6,336,915

The group continues to hold two vacant land plots in the United Kingdom which were classified as held for sale at 30 June 2017. As at 31 December 2017 these plots of land had a fair value of €2,807,872, and during the period a fair value adjustment of €162,343 (loss) was recognised. Both plots of land are expected to be sold within six months and therefore continue to be classified as held for sale.

MEASUREMENT OF FAIR VALUES

FAIR VALUE HIERARCHY

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

The following table shows the carrying amount and fair value of the group's investment property held for sale in the fair value hierarchy:

As at 31 December 2017 (reviewed)		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
United Kingdom				
- Hotel	43,224,089	—	—	43,224,089
- Retail	2,807,872	—	—	2,807,872
- Land bank	7,615,725	—	—	7,615,725
	53,647,686	—	—	53,647,686
As at 31 December 2016 (reviewed)				
Euro	Carrying amount	Level 1	Level 2	Level 3
German				
- Retail	3,393,501	—	—	3,393,501
	3,353,501	—	—	3,353,501
As at 30 June 2017 (audited)				
Euro	Carrying amount	Level 1	Level 2	Level 3
United Kingdom				
- Hotel	1,137,200	—	—	1,137,200
- Retail	3,019,715	—	—	3,019,715
German				
- Retail	2,180,000	—	—	2,180,000
	6,336,915	—	—	6,336,915

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table shows the valuation technique used in measuring the fair value of investment property held for sale, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelation between key unobservable inputs and fair value measurement
<i>Discounted cash flows:</i> The valuation model considers the present value of net cash flows to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	<ul style="list-style-type: none"> - Risk adjusted discount rates - Estimated rental value - Net rental growth - Reversionary discount rate 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> - Expected market rental growth was higher/ (lower) - The estimated rental value was higher/ (lower) - The reversionary discount rate was lower/ (higher) - The risk adjusted discount rate was lower/ (higher)
<i>Firm offers:</i> The valuation model takes into account the amount a third party is willing to pay.	<ul style="list-style-type: none"> - Offers 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> - The number of the interested parties was higher/(lower) - The availability of comparable properties lower/(higher)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

18. SHARE CAPITAL AND GEARED SHARE PURCHASE PLAN SHARES

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

	Share capital		Geared share purchase plan shares		Total	
	Number of Shares	Euro	Number of shares	Euro	Number of Shares	Euro
Balance at 30 June 2016 (audited)	348,625,219	378,530,556	—	—	348,625,219	378,530,556
Issued during the period						
- Issue of share capital	25,641,026	31,592,882	—	—	25,641,026	31,592,882
- Distributions reinvested	6,317,591	7,983,727	—	—	6,317,591	7,983,727
	31,958,617	39,576,609	—	—	31,958,617	39,576,609
Distributed during the year						
- Scrip distributions	—	(7,994,090)	—	—	—	(7,994,090)
Balance at 31 December 2016 (reviewed)	380,583,836	410,113,075	—	—	380,583,836	410,113,075
Issued during the period						
- Issue of share capital	83,333,332	126,392,027	—	—	83,333,332	126,392,027
- Geared share purchase plan shares (treated as treasury shares)	12,850,000	21,056,010	(12,850,000)	(21,056,010)	—	—
- Distributions reinvested	3,449,131	5,267,796	—	—	3,449,131	5,267,796
	99,632,463	152,715,833	(12,850,000)	(21,056,010)	86,782,463	131,659,823
Distributed during the year						
- Scrip distributions	—	(5,272,635)	—	—	—	(5,272,635)
Balance at 30 June 2017 (audited)	480,216,299	557,556,273	(12,850,000)	(21,056,010)	467,366,299	536,500,263
Issued during the period						
- Issue of share capital	160,299,409	279,921,998	—	—	160,299,409	279,921,998
- Distributions reinvested	6,250,078	10,412,225	—	—	6,250,078	10,412,225
	166,549,487	290,334,223	—	—	166,549,487	290,334,223
Distributed during the year						
- Scrip distributions	—	(10,424,724)	—	—	—	(10,424,724)
Balance at 31 December 2017 (reviewed)	646,765,786	837,465,772	(12,850,000)	(21,056,010)	633,915,786	816,409,762

Distributions reinvested represent scrip dividends for which shareholders elect to receive shares by way of a return of capital.

CAPITAL RAISE

On 28 September 2017 the group issued 77,541,988 shares at an issue price of €1.63 (ZAR25.50) as part of an accelerated book build, raising cash of €125,926,058. On 6 December 2017 a further 82,757,421 shares were issued by the group at an issue price of €1.90 (ZAR31.00) as part of a further accelerated book build, raising cash of €155,670,514. The group incurred expenses of €1,674,574 (December 2016: €199,328; June 2017: €942,908) in relation to shares issued during the period, which were offset against share capital.

DISTRIBUTIONS

The holders of the company's shares are entitled to distributions as declared and to one vote per share at shareholders meetings of the company. Distributions of the company can be paid from retained earnings or as a return of capital in accordance with the BVI Business Companies Act 2004, subject to solvency and liquidity requirements.

The following distributions were paid by the group:

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Cash	6,957,823	352,014	5,202,917
Scrip	10,424,724	7,994,090	13,266,725
Total	17,382,547	8,346,104	18,469,642
Distributions paid per share (euro cents)	3.19	2.23	4.89

19. SHARE-BASED PAYMENT RESERVE

The share-based payment reserve relates to the option expense of the group's geared share purchase plan (see note 20).

Reconciliation of geared share purchase plan:

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Opening balance	225,973	—	—
Recognised during the period/year	517,701	—	319,248
Non-forfeitable distribution	(41,153)	—	(93,275)
Closing balance	702,521	—	225,973

20. SHARE-BASED PAYMENT ARRANGEMENTS

The total expense recognised in employment benefits was €444,455 (December 2016 €nil; June 2017: €245,419).

The remaining term of the loans at 31 December 2017 was 9.19 years (December 2016: nil; June 2017: 9.69 years).

On 15 June 2017 it was announced that Lukas Nakos, CEO, would be leaving the group. Lukas Nakos ceased to be a director on 31 December 2017, with a condition of his departure being his exit from the share scheme with no vesting of shares occurring.

Refer to note 27 for further disclosures of the share-based payment expense included in key management compensation and directors' remuneration.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

21. NON-CONTROLLING INTEREST (NCI)

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Prime Kapital CEE Property Investment Management Limited	1,030,314	1,072,595	988,063
	1,030,314	1,072,595	988,063

RECONCILIATION OF NCI

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Opening balance	988,063	—	—
Share of profit	382,507	1,072,575	988,063
Distribution to NCI	(340,256)	—	—
Acquisition of subsidiary with non-controlling interests	—	20	—
Closing balance	1,030,314	1,072,595	988,063

During the period Prime Kapital CEE Property Investment Management Limited declared and paid a dividend of €340,256 (December 2016: €nil; June 2017 €nil) to its shareholders.

22. FINANCIAL LIABILITIES

	Note	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro				
Non-current liabilities				
Capital contribution	5	24,173,824	—	—
Interest rate swaps		1,130,924	2,488,440	1,170,086
Deferred consideration – Bruchsal		—	1,615,000	—
Deferred consideration – Heppenheim Park		—	—	500,000
Development management fee		—	2,083,575	—
		25,304,748	6,187,015	1,670,086
Current liabilities				
Priority participating profit dividend	27	5,823,594	—	6,078,256
Development management fee	27	4,167,950	—	4,052,171
Deferred consideration – Heppenheim Park		—	658,865	—
Deferred consideration – Edeka Thales portfolio		—	600,000	—
Forward currency contract		—	86,067	—
Interest rate swaps		—	—	1,081,563
		9,991,544	1,344,932	11,211,990

FINANCIAL LIABILITIES AT AMORTISED COST

CAPITAL CONTRIBUTION

As described in note 5, a financial liability and corresponding financial asset have been recognised in respect of the capital contribution due from Legal & General, and due to the UK Government, under the terms of the Pre-let Agreement. Both the financial asset and financial liability are held at amortised cost.

DEFERRED CONSIDERATION

Where the group enters into a deferred consideration commitment as part of a property transaction this is recognised as a financial liability held at amortised cost until it is paid or released.

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

Reconciliation of the group's financial liabilities held at amortised cost:

	Bruchsal deferred consideration	Heppenheim Park deferred consideration	Edeka Thales portfolio deferred consideration	Capital contribution
Balance at 30 June 2016 (audited)	1,615,000	2,203,865	—	—
Purchase price retained	—	—	600,000	—
Purchase price released	—	(1,545,000)	—	—
Balance at 31 December 2016 (reviewed)	1,615,000	658,865	600,000	—
Purchase price released	(1,615,000)	(158,865)	(600,000)	—
Balance at 30 June 2017 (audited)	—	500,000	—	—
Purchase price released	—	(500,000)	—	—
Capital contribution	—	—	—	24,022,280
Finance cost – unwind of discount	—	—	—	152,223
Foreign currency translation reserve	—	—	—	(679)
Balance at 31 December 2017 (reviewed)	—	—	—	24,173,824

FINANCIAL LIABILITIES AT FVTPL

INTEREST RATE SWAPS

The group has hedged some of the interest rate exposure on the interest bearing borrowings using interest rate swaps, see note 23. These interest rate swaps are classified as FVTPL. Accordingly, they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss. During the period the remaining Aldi store in the Aldi portfolio was sold, consequently the interest bearing borrowings secured against the portfolio were repaid and the interest rate swap was settled on 6 July 2017.

DEVELOPMENT MANAGEMENT FEE AND PRIORITY PARTICIPATING PROFIT DIVIDEND

The group has a development management agreement under which a fee is payable to the developer in relation to the development of the New Waverley site in Edinburgh.

A priority participating profit dividend is also payable to the developer based on the value of the site following development.

FORWARD CURRENCY CONTRACT

The group entered into a Polish Zloty forward contract to hedge the exposure on VAT receivable in relation to the Nova Park acquisition in the prior period. This forward currency contract was held as a fair value asset at 30 June 2017 of €66,097, and was settled during the period, see note 13.

Reconciliation of the group's financial liabilities held at FVTPL:

	Interest rate swaps	Development management fee	Priority participating profit dividend
Balance at 30 June 2016 (audited)	3,029,495	2,367,448	—
Fair value adjustment (see note 7)	(559,117)	(205,516)	—
Foreign currency translation difference in other comprehensive Income	18,062	(78,357)	—
Balance at 31 December 2016 (reviewed)	2,488,440	2,083,575	—
Fair value adjustment (see note 7)	(210,477)	2,090,973	6,272,812
Foreign currency translation difference in other comprehensive income	(26,314)	(122,377)	(194,556)
Balance at 30 June 2017 (audited)	2,251,649	4,052,171	6,078,256
Fair value adjustment (see note 7)	46,353	152,455	(201,586)
Foreign currency translation difference in other comprehensive income	(74,078)	(36,676)	(53,076)
Settlement	(1,093,000)	—	—
Balance at 31 December 2017 (reviewed)	1,130,924	4,167,950	5,823,594

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Six-month period ended 31 December 2017

22. FINANCIAL LIABILITIES (CONTINUED)

FAIR VALUE HIERARCHY

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

As at 31 December 2017 (reviewed)	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Non-current liabilities				
Zurich interest rate swap	1,006,914	—	1,006,914	—
Nova Park interest rate swap	124,010	—	124,010	—
	1,130,924	—	1,130,924	—
Current liabilities				
Development management fee	4,167,950	—	—	4,167,950
Priority participating profit dividend	5,823,594	—	—	5,823,594
	9,991,544	—	—	9,991,544
As at 31 December 2016 (reviewed)				
	Carrying amount	Level 1	Level 2	Level 3
Non-current liabilities				
Zurich interest rate swap	1,339,491	—	1,339,491	—
Aldi portfolio interest rate swap	1,148,949	—	1,148,949	—
Development management fee	2,083,575	—	—	2,083,575
	4,572,015	—	2,488,440	2,083,575
Current liabilities				
Forward currency contract	86,067	—	86,067	—
	86,067	—	86,067	—
As at 30 June 2017 (audited)				
	Carrying amount	Level 1	Level 2	Level 3
Non-current liabilities				
Zurich interest rate swap	1,170,086	—	1,170,086	—
	1,170,086	—	1,170,086	—
Current liabilities				
Development management fee	4,052,171	—	—	4,052,171
Priority participating profit dividend	6,078,256	—	—	6,078,256
Aldi portfolio interest rate swap	1,081,563	—	1,081,563	—
	11,211,990	—	1,081,563	10,130,427

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 31 December 2017, 31 December 2016 and 30 June 2017

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

LEVEL 3 FINANCIAL INSTRUMENTS

VALUATION PROCESS OF LEVEL 3 FINANCIAL LIABILITIES

The fair value of the level 3 financial liabilities in respect of New Waverley Advisers Limited and New Waverley Holdings Limited is calculated semi-annually. The investment property valuation process (see note 11) is part of this valuation process as the financial liability is derived from the fair value of New Waverley investment property.

VALUATION TECHNIQUES AND UNOBSERVABLE INPUTS

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

As at 31 December 2017, 31 December 2016 and 30 June 2017

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

23. INTEREST BEARING BORROWINGS

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Non-current – secured bank loans			
UK investment property	7,604,642	31,691,617	30,284,516
German investment property	102,402,299	77,943,361	103,478,073
Swiss investment property	7,296,148	8,313,288	7,989,364
CEE investment property	49,354,406	—	—
	166,657,495	117,948,266	141,751,953
Current – secured bank loans			
UK investment property	23,228,329	1,530,080	1,489,732
German investment property	2,381,698	1,903,083	3,614,901
Swiss investment property	333,294	363,168	356,811
CEE investment property	1,985,767	—	—
	27,929,088	3,796,331	5,461,444
	194,586,583	121,744,597	147,213,397

The carrying value of interest bearing borrowings approximates their fair value.

Interest bearing borrowings are held at amortised cost. Accordingly, interest on interest bearing borrowings drawn down to fund development property is capitalised. All other interest is charged to profit or loss at the effective interest rate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

23. INTEREST BEARING BORROWINGS (CONTINUED)

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

Euro	Note	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Opening balance		147,213,397	44,578,595	44,578,595
Drawn down		53,000,000	80,430,900	111,657,786
Capitalised transaction costs		(699,386)	(1,456,967)	(2,168,837)
Capital repayment		(4,409,446)	(1,135,900)	(7,098,329)
Finance costs – income statement	8	2,156,911	840,195	2,231,667
Finance costs – capitalised	11	308,904	228,209	569,298
Interest paid		(2,161,092)	(842,927)	(2,470,916)
Foreign currency translation difference		(822,705)	(897,508)	(85,867)
Closing balance		194,586,583	121,744,597	147,213,397

Interest on general borrowings of €308,904 was capitalised to investment property during the period (December 2016: €228,209; June 2017: €569,298), see note 11.

SUMMARY OF INTEREST BEARING BORROWING TERMS AND COVENANTS

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

Euro	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Fixed debt	145,605,748	69,368,769	112,857,253
Variable debt	48,980,835	52,375,828	34,356,144
	194,586,583	121,744,597	147,213,397

The borrowing terms and covenants are consistent with those disclosed in the integrated annual report except for the loan which was drawn down during the period, the terms of which are:

Borrowing terms	Term of debt	Currency	Annual capital repayment (Euro)	Margin	Base rate
CEE investment property – Variable debt	4.5 years	Euro	530,000	2.50%	12M Euribor
Covenants	Debt service cover ratio			Loan to value	
CEE investment property – CEE variable debt	120%			65%	

24. TRADE AND OTHER PAYABLES

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
Trade payables	6,406,362	6,152,030	6,722,430
Current taxation payable	3,149,540	593,793	1,020,201
Deferred income	940,543	1,373,463	854,603
Other	847,300	—	5,363
VAT payable	785,656	1,233,088	984,790
Construction payables	150,386	707,600	1,229,375
	12,279,787	10,059,974	10,816,762

Construction payables relate to amounts owed to developers for the construction of the group's development properties.

25. OPERATING SEGMENTS

The group's chief operating decision maker is determined to be the executive management team. During the current period the segmentation to monitor group performance was refined because the group invested in real-estate equities. As a result, there are now five reportable segments (there were no financial investments in December 2016 and June 2017). 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 inventory	Inventory property and land plots held for schemes that have not yet commenced and residential developments.
Financial investments	Investment in real estate equities.
Corporate	Consists of the cash holdings outside of the other reporting segments and goodwill.

The executive management team analyses the performance and position of the group by aggregating the group into the five reportable segments. These reportable segments have different risk profiles and generate income from different sources, accordingly, this 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

25. OPERATING SEGMENTS (CONTINUED)

31 December 2017 (reviewed)

Euro	Income- generating property	Development property	Land bank and inventory	Financial investments	Corporate	Total
Statement of comprehensive income						
External revenue	20,980,965	(1,741)	119,486	—	22,825	21,121,535
Segment profit/(loss) before tax	13,789,374	(1,618,388)	2,505,231	1,321,171	(2,880,517)	13,116,871
<i>Other material items</i>						
Finance income	3,174	3,795,205	152,242	—	—	3,950,621
Finance cost	(2,178,353)	—	(152,223)	—	(146,796)	(2,477,372)
Depreciation	—	—	—	—	(18,098)	(18,098)
Current taxation	(217,206)	139	(1,855,943)	—	(5,623)	(2,078,633)
Deferred taxation	(1,358,739)	—	2,406,486	—	—	1,047,747
Share of profit from investment in equity accounted investee	—	1,543,057	—	—	—	1,543,057
Fair value adjustments	1,448,741	(5,676,807)	1,659,401	1,954,910	—	(613,755)
Foreign exchange	(149,616)	—	—	—	(436,570)	(586,186)
Statement of financial position						
Segment non-current assets	451,061,018	127,138,251	62,930,662	200,120,816	23,063,752	864,314,499
- Investment in equity accounted investee	—	21,751,615	—	—	—	21,751,615
Segment current assets	67,278,364	573,059	18,504,267	—	162,322,147	248,677,837
Segment non-current liabilities	171,550,409	—	24,173,824	—	—	195,724,233
Segment current liabilities	36,614,315	9,994,023	2,484,870	—	1,146,575	50,239,783

31 December 2016 (reviewed)

Euro	Income- generating property	Development property	Land bank and inventory	Corporate	Total
Statement of comprehensive income					
External revenue	12,379,928	1,823	227,382	—	12,609,133
Segment profit/(loss) before tax	10,240,594	161,924	(4,488,483)	(4,738,051)	1,175,984
<i>Other material items</i>					
Finance income	157	—	17	39,353	39,527
Finance cost	(840,545)	—	—	(1,111)	(841,656)
Depreciation	—	—	—	(13,504)	(13,504)
Share of profit from investment in equity accounted investee	—	36,154	—	—	36,154
Fair value adjustments	1,150,391	126,544	(4,542,555)	—	(3,265,620)
Foreign exchange	(57,672)	22	—	(2,850,427)	(2,908,077)
Statement of financial position					
Segment non-current assets	427,871,884	27,646,524	40,933,425	23,073,301	519,525,134
- Investment in equity accounted investee	—	—	20,057,968	—	20,057,968
Segment current assets	37,765,491	106,723	4,460,800	9,233,614	51,566,628
Segment non-current liabilities	123,704,609	2,083,575	—	40,410	125,828,594
Segment current liabilities	13,192,414	712,180	592,926	780,703	15,278,223

30 June 2017 (audited)

Euro	Income- generating property	Development property	Land bank and inventory	Corporate	Total
Statement of comprehensive income					
External revenue	31,532,298	—	34,632	15,498	31,582,428
Segment profit/(loss) before tax	49,460,087	872,805	(5,003,657)	(5,069,622)	40,259,613
<i>Other material items</i>					
Finance income	1,350	1,134,247	16	71,583	1,207,196
Finance cost	(2,235,473)	—	—	(3,024)	(2,238,497)
Depreciation	(23,977)	(1,963)	(1,924)	—	(27,864)
Current taxation	(1,741,449)	—	—	—	(1,741,449)
Deferred taxation	(3,942,153)	—	—	—	(3,942,153)
Share of profit from investment in equity accounted investee	—	178,397	—	—	178,397
Fair value adjustments	30,161,319	—	(4,569,029)	—	25,592,290
Exchange differences	(819,456)	18	—	(3,865,457)	(4,684,895)
Statement of financial position					
Segment non-current assets	495,615,079	152,701,312	39,690,960	22,909,548	710,916,899
- Investment in equity accounted investee	—	20,205,297	—	—	20,205,297
Segment current assets	20,171,923	1,708,107	2,347,199	23,900,320	48,127,549
Segment non-current liabilities	147,306,309	881,180	232,924	—	148,420,413
Segment current liabilities	14,450,775	11,975,661	545,684	609,881	27,582,001

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 assets/liabilities or income/expense.

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Six-month period ended 31 December 2017

25. OPERATING SEGMENTS (CONTINUED)

GEOGRAPHICAL INFORMATION

The geographical information below analyses the group's revenue and non-current assets by the jurisdiction in which the underlying assets are held.

REVENUE

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
UK	4,000,304	3,208,219	7,073,814
Germany	7,379,906	8,075,817	17,041,915
Switzerland	577,782	619,086	1,212,855
Bulgaria	5,172,778	—	1,527,194
Poland	3,990,765	706,011	4,726,650
	21,121,535	12,609,133	31,582,428

NON-CURRENT ASSETS

	Reviewed As at 31 December 2017	Reviewed As at 31 December 2016	Audited As at 30 June 2017
Euro			
UK	177,159,719	170,476,751	203,013,452
Germany	214,346,362	215,437,599	214,648,055
Switzerland	14,442,739	19,722,816	15,461,810
Romania (Prime Kapital development joint venture and PKM Preference Shares)	126,681,067	20,057,968	121,305,189
Poland	89,707,103	93,830,000	156,488,393
Bulgaria	67,181,279	—	—
France	142,274,153	—	—
Netherlands	18,058,161	—	—
Sweden	14,463,916	—	—
	864,314,499	519,525,134	710,916,899

26. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share has been based on the following profit attributable to ordinary shareholders.

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Profit/(loss) for the period/year attributable to the owners of the group	11,703,478	(397,549)	33,587,948

BASIC EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share has been based on the following weighted-average number of ordinary shares outstanding.

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Issued ordinary shares at start of the period/year	467,366,299	348,625,219	348,625,219
Effect of shares issued for capital raises	50,858,057	21,599,777	44,608,360
Effect of shares issued for scrip distributions	2,751,393	2,025,750	5,023,402
Weighted-average number of ordinary shares	520,975,749	372,250,746	398,256,981

BASIC EARNINGS/(LOSS) PER SHARE

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Profit/(loss) attributable to ordinary shareholders	11,703,478	(397,549)	33,587,948
Weighted-average number of ordinary shares	520,975,749	372,250,746	398,256,981
Basic earnings/(loss) per share (euro cents)	2.25	(0.11)	8.43

DILUTED EARNINGS/(LOSS) PER SHARE

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

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Weighted-average number of ordinary shares (basic)	520,975,749	372,250,746	398,256,981
Effect of share options	255,935	—	—
Weighted-average number of ordinary shares (diluted)	521,231,684	372,250,746	398,256,981

DILUTED EARNINGS/(LOSS) PER SHARE

	Reviewed Six-month period ended 31 December 2017	Reviewed Six-month period ended 31 December 2016	Audited Year ended 30 June 2017
Euro			
Profit/(loss) attributable to ordinary shareholders	11,703,478	(397,549)	33,587,948
Weighted-average number of ordinary shares	521,231,684	372,250,746	398,256,981
Diluted earnings/(loss) per share (euro cents)	2.25	(0.11)	8.43

At 31 December 2017, options on 2,873,333 shares were excluded from the diluted weighted-average number of ordinary shares because their effect would have been anti-dilutive.

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

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Six-month period ended 31 December 2017

26. EARNINGS/(LOSS) PER SHARE (CONTINUED)

HEADLINE EARNINGS/(LOSS) AND HEADLINE EARNINGS/(LOSS) PER SHARE

Euro	Note	Reviewed Six-month period ended 31 December 2017	
		Gross	Net
Profit attributable to ordinary shareholders		11,703,478	11,703,478
Adjusted for:			
Revaluation of investment property	11	4,140,178	2,306,546
Revaluation of investment property in associate	14	(1,802,951)	(1,802,951)
Revaluation of investment property held for sale	17	(1,568,735)	(1,568,735)
Goodwill impairment	10	1,274,346	1,274,346
Headline earnings		13,746,316	11,912,684
Basic headline earnings per share			
Weighted-average number of ordinary shares (basic)		520,975,749	520,975,749
Headline earnings per share (euro cents)		2.64	2.29
Diluted headline earnings per share			
Weighted-average number of ordinary shares (diluted)		521,231,684	521,231,684
Headline earnings per share (euro cents)		2.64	2.29

Euro		Reviewed Six-month period ended 31 December 2016	
		Gross	Net
Loss attributable to ordinary shareholders		(397,549)	(397,549)
Adjusted for:			
Revaluation of investment property		(598,369)	(1,006,867)
Headline loss		(995,918)	(1,404,416)
Basic and diluted headline loss per share			
Weighted-average number of ordinary shares		372,250,746	372,250,746
Headline loss per share (euro cents)		(0.27)	(0.38)

Euro		Audited Year ended 30 June 2017	
		Gross	Net
Profit attributable to ordinary shareholders		33,587,948	33,587,948
Adjusted for:			
Revaluation of investment property		(36,763,196)	(32,995,314)
Revaluation of investment property held for sale		(786,795)	—
Headline (loss)/earnings		(3,962,043)	592,634
Basic and diluted headline (loss)/earnings per share			
Weighted-average number of ordinary shares		398,256,981	398,256,981
Headline (loss)/earnings per share (euro cents)		(0.99)	0.15

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

27. RELATED PARTIES

PARENT AND ULTIMATE CONTROLLING PARTY

The group has no ultimate controlling party, but is controlled by its ordinary shareholders in aggregate.

RELATED PARTY RELATIONSHIPS

ARTISAN REAL ESTATE INVESTORS LIMITED ("ARTISAN")

Artisan is a real estate management company with a measure of commonality of directors with the company.

NEW WAVERLEY ADVISERS LIMITED ("NW ADVISERS")

NW Advisers is a real estate developer and is a 100% owned subsidiary of New Waverley Holdings. As such it is controlled by Artisan which is a related party of the group.

Expenses on-charged from NW Advisers in relation to the development of New Waverley are capitalised as part of the New Waverley development within investment property. On-charges are charged to the group in accordance with the development management agreement, they are on an arm's length basis, and relate to the construction costs of the development.

In addition, the group has provided for a development management fee. This fee is in accordance with the development management agreement and is on an arm's length basis.

NEW WAVERLEY HOLDINGS LIMITED ("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.

CORONA REAL ESTATE PARTNERS LIMITED ("CORONA")

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

PKM DEVELOPMENTS LIMITED

PKM Developments is an associate of the group and MAS owns 40% of the ordinary shares (see note 14).

In 2017, the group provided €100,000,000 to acquire 7.5% preference shares in PKM Developments (see note 13). The group has committed to fund up to a further €250,000,000 over the next four years.

MOMATS

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

KEY MANAGEMENT

Key management during the period consists of all directors and the Company secretary:

Lukas Nakos	Chief executive officer ("CEO") (resigned 31 December 2017)
Malcolm Levy	Chief financial officer ("CFO")
Jonathan Knight	Chief investment officer ("CIO")
Ron Spencer	Chairman
Morné Wilken	Non-executive director ("NED") (appointed CEO 1 January 2018)
Pierre Goosen	Non-executive director ("NED")
Gideon Oosthuizen	Non-executive director ("NED")
Jaco Jansen	Non-executive director ("NED")
Glynnis Carthy	Non-executive director ("NED")
Helen Cullen	Company secretary

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Six-month period ended 31 December 2017

27. RELATED PARTIES (CONTINUED)

Related party transactions

	Income/(expenses)				Capitalised for the period/year ended				Balances receivable/(payable) as at			
	for the period/year ended		Audited		Reviewed		Audited		Reviewed		Reviewed	
	31 December 2017	31 December 2016	30 June 2017	30 June 2017	31 December 2017	31 December 2016	30 June 2017	30 June 2017	31 December 2017	31 December 2016	30 June 2017	30 June 2017
Euro												
NW Advisers												
- Oncharged development costs	—	—	(293)	230,704	12,049,068	12,860,460	163,350	(90,587)	(214,680)			
- Development management fee ¹	(152,455)	913,946	(1,684,723)	—	—	—	(4,167,950)	(2,083,575)	(4,052,171)			
	(152,455)	913,946	(1,685,016)	230,704	12,049,068	12,860,460	(4,004,600)	(2,174,162)	(4,266,851)			
NW Holdings												
- Development priority participation profit dividend ¹	201,586	—	(6,078,256)	—	—	—	(5,823,594)	—	(6,078,256)			
	201,586	—	(6,078,256)	—	—	—	(5,823,594)	—	(6,078,256)			
Corona												
- Investment advisory services	(472,760)	(486,539)	(889,482)	96,931	74,861	176,266	—	—	(83,857)			
	(472,760)	(486,539)	(889,482)	96,931	74,861	176,266	—	—	(83,857)			
Artisan												
- Oncharged administrative expenses	22,825	(6,179)	(13,583)	—	—	—	8,388	(2,920)	—			
	22,825	(6,179)	(13,583)	—	—	—	8,388	(2,920)	—			
PKM Developments												
- Investment in equity accounted investees	1,543,057	36,154	178,397	—	—	—	21,751,615	20,057,968	20,205,297			
(see note 14)												
- PKM Developments preference shares (see note 8)	3,795,207	—	1,134,245	—	—	—	104,929,452	—	101,134,245			
	5,338,264	36,154	1,312,642	—	—	—	126,681,067	20,057,968	121,339,542			
Momats												
- Directors fees and legal and professional fees	(11,840)	—	—	—	—	—	—	—	—			
	(11,840)	—	—	—	—	—	—	—	—			
	4,925,620	457,382	(7,353,695)	327,635	12,123,929	13,036,726	116,861,261	17,880,886	110,910,578			

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

TRANSACTIONS WITH KEY MANAGEMENT

Six-months ended 31 December 2017 (reviewed)

Euro	Role	Basic salary	Benefits ²	Short-term incentive	Long-term incentive	Total	IFRS 2 option expense
Lukas Nakos ¹	CEO	—	—	—	—	—	—
Malcolm Levy	CFO	—	—	—	—	—	242,008
Jonathan Knight	CIO	33,970	—	—	—	33,970	107,413
Ron Spencer	Chairman	15,000	—	—	—	15,000	—
Gideon Oosthuizen	NED	13,750	—	—	—	13,750	—
Jaco Jansen	NED	12,500	—	—	—	12,500	—
Morné Wilken	NED	10,000	13,163	—	—	23,163	—
Pierre Goosen	NED	10,000	—	—	—	10,000	—
Glynnis Carthy	NED	13,750	—	—	—	13,750	—
Helen Cullen	Company secretary	48,540	—	—	—	48,540	35,804
		157,510	13,163	—	—	170,673	385,225

¹ During January 2018 the Board of Directors approved an exit payment of €157,794 to Lukas Nakos.

² During the six-month period to 31 December 2017, the group paid €13,163 in relation to Morné Wilken's relocation.

Six-months ended 31 December 2016 (reviewed)

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Total
Lukas Nakos	CEO	95,120	—	190,240	—	285,360
Malcolm Levy	CFO	89,175	—	178,350	—	267,525
Jonathan Knight	CIO	35,670	—	89,176	—	124,846
Ron Spencer	Chairman	15,000	—	—	—	15,000
Gideon Oosthuizen	NED	13,750	—	—	—	13,750
Jaco Jansen	NED	13,750	—	—	—	13,750
Morné Wilken	NED	10,000	—	—	—	10,000
Pierre Goosen	NED	10,000	—	—	—	10,000
Helen Cullen	Company secretary	46,700	—	19,800	—	66,500
		329,165	—	477,566	—	806,731

Year ended 30 June 2017 (audited)

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

28. SUBSEQUENT EVENTS

After the reporting date the group completed its acquisition of the listed real estate equity securities with the purchase of a further 75,100 shares of Mercialis SA. As at 16 February 2018 the listed real estate equity securities had a fair value of €185,224,054.

SUPPLEMENTARY INFORMATION - UNAUDITED

Six-month period ended 31 December 2017

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			
DIRECT INVESTMENT RESULT			
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
	21,121,535	12,609,133	31,582,428
Service charge and other property operating expenses	(5,859,557)	(2,421,484)	(7,597,216)
Net rental income	15,261,978	10,187,649	23,985,212
Other income	89,831	—	—
Corporate expenses	(2,500,957)	(1,885,474)	(3,253,610)
Net operating income	12,850,852	8,302,175	20,731,602
Share of gain from equity accounted investees	137,672	36,154	132,602
Profit before net financing costs	12,988,524	8,338,329	20,864,204
Finance income	3,950,621	39,527	1,207,196
Finance costs	(2,477,372)	(841,656)	(2,238,497)
Profit before taxation	14,461,773	7,536,200	19,832,903
Current taxation	(218,234)	(424,496)	(1,741,449)
Non-controlling interest	(676,312)	(42,098)	(192,276)
TOTAL DIRECT INVESTMENT RESULT	13,567,227	7,069,606	17,899,178
INDIRECT INVESTMENT RESULT			
Sales of inventory property	6,398,637	—	—
Cost of sales of inventory property	(5,339,258)	—	—
Profit on sales of inventory property	1,059,379	—	—
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)
TOTAL INDIRECT INVESTMENT RESULT	(1,863,749)	(7,467,155)	15,688,770
Profit/(loss) for the period/year	11,703,478	(397,549)	33,587,948
Non-controlling interest	382,507	1,072,575	988,063
IFRS PROFIT - DIRECT PLUS INDIRECT INVESTMENT RESULT	12,085,985	675,026	34,576,011

DISTRIBUTABLE EARNINGS AND BASIS OF DISTRIBUTION

	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 sales 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
Distributable earnings per share (euro cents per share)	2.70	2.27
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
Distributable earnings (after adjustment for shares issued during the period)	17,123,979	8,631,292
Closing number of shares in issue	633,915,786	380,583,836
Euro cents		
Distributable earnings per share	2.70	2.27
Adjustment from reserves per share	0.88	0.39
Distribution per share	3.58	2.66

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

	Note	As at 31 December 2017	As at 31 December 2016	As at 30 June 2017
Euro				
Equity attributable to owners of the group		865,998,006	428,912,350	582,053,971
<i>Adjustments for:</i>				
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
NCl in respect of the above adjustments		(247,180)	—	(102,479)
EPRA NAV		869,887,460	432,006,094	588,443,460
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	26	255,935	—	—
EPRA NAV per share (euro cents)		137.17	113.51	125.91

GLOSSARY

BVI	British Virgin Islands
CEE	Central and Eastern Europe
CGU	Cash-generating unit
Company	MAS Real Estate Inc.
Development property	Property that is being developed in order to create income-producing property held for the purpose of earning a better yield than by acquiring standing property
Distributable earnings	Earnings attributable to the owners of the company that are available for distribution. This includes: net rental income, dividends received, finance income on preference shares, profit on sales of inventory property and the related taxation and non-controlling interest adjustments. This excludes: exchange differences, changes in fair value, goodwill impairment, investment/transaction expenses not capitalised, related taxation and non-controlling interest adjustments, and deferred taxation. Other adjustments may be made in order to reflect the underlying earnings of the group. This final number is adjusted for the dilutionary impact of shares issued during the period.
Distributable earnings per share	Distributable earnings before the impact of shares issued during the period divided by the basic weighted average number of shares in issue.
Distribution per share	The distribution per share to be paid to shareholders as determined by the directors at their discretion. The group's policy is to pay out all distributable earnings per share on a semi-annual basis, as well as capital or other profits as the directors may, at their discretion, determine
EPRA	European Public Real Estate Association
EPRA Net Asset Value	IFRS net assets adjusted for the dilutive impact of share options, deferred taxation on property and derivative valuations and the mark-to-market of effective cash flow hedges and related adjustments
EPRA NAV per share	EPRA Net Asset Value divided by the IFRS diluted number of shares in issue at the end of the period
ERV	Estimated rental value
Financial investments	Investment in listed real estate equities.
FVTPL	Fair value through profit and loss
GLA	Gross leasable area
Group	MAS Real Estate Inc. and its subsidiaries
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards as issued by the IASB
Income-generating property	Property that is currently producing income and held for the purpose of earning a yield. There may be further asset management opportunities on these properties, which could further enhance income returns.
Investment property	Income-generating property, Development property and Land-Bank

Investment property Loan-to-Value (LTV)	The value of external debt divided by the fair value of investment property and financial investments. This measure ignores cash balances
IOM	Isle of Man
JSE	Johannesburg Stock Exchange
Land bank	Land plots held for schemes that have not yet commenced and residential developments
Land bank and inventory	Land plots held for schemes that have not yet commenced, residential developments and Inventory property
Lease incentives	Incentives offered to lessees to enter into a lease, typically in the form of a rent-free period or cash contribution towards fit-out costs
LuxSE	Luxembourg Stock Exchange
Median daily share volume	The median number of shares traded per day during the financial period on the JSE
NAV	Net asset value
IFRS NAV per share	IFRS Net Asset Value divided by the IFRS basic number of shares in issue at the end of the period. For clarity this excludes the geared share purchase plan shares
Scrip distribution	Distributions elected to be received in the form of shares in the Company, typically paid as a return of capital
WE	Western Europe
WALT	Weighted average lease term across the portfolio weighted by passing rent
WACD	Weighted average cost of debt