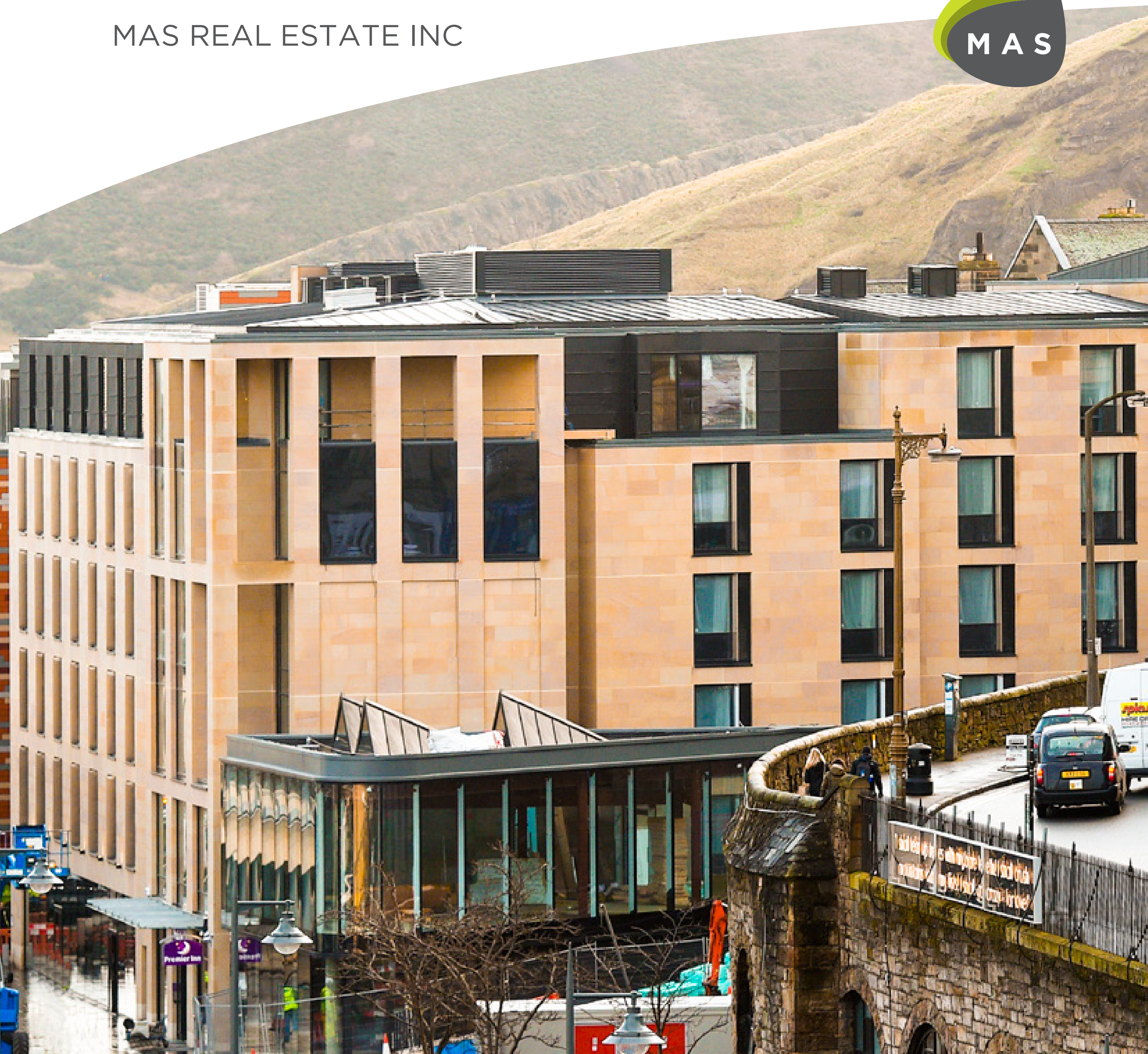
MAS REAL ESTATE INC



Condensed interim consolidated financial statements
for the six-month period ended 31 December 2015

Highlights

FUNDING

F

Interim distribution proposed of €6,7 million, or 2,27 euro cents per share based on the shares in issue at period end

Like-for-like adjusted NAV per share increased 1,28% to 118,5 euro cents

ADJUSTED CORE INCOME UP BY 3,9% OVER THE PREVIOUS SIX MONTHS

Attractive financing rates continue to be available

PORTFOLIO

P

NSQ · NORTH STREET QTR ·

Obtained planning approval on the North Street Quarter development

Completion of Whitbread hotels at the New Waverley development February 2016

Further income accretive acquisitions in Germany

KAROO FUND FINAL REDEMPTION RECEIVED JANUARY 2016

TEAM

T

NEW EUROPEAN ASSET MANAGER APPOINTED

# of staff increased to 21

NEW HEAD OFFICE

RELATIONSHIPS

R

Included in the JSE SAPY index

REPLENISHED PIPELINE

Relationships with debt providers enhanced

SUSTAINABILITY

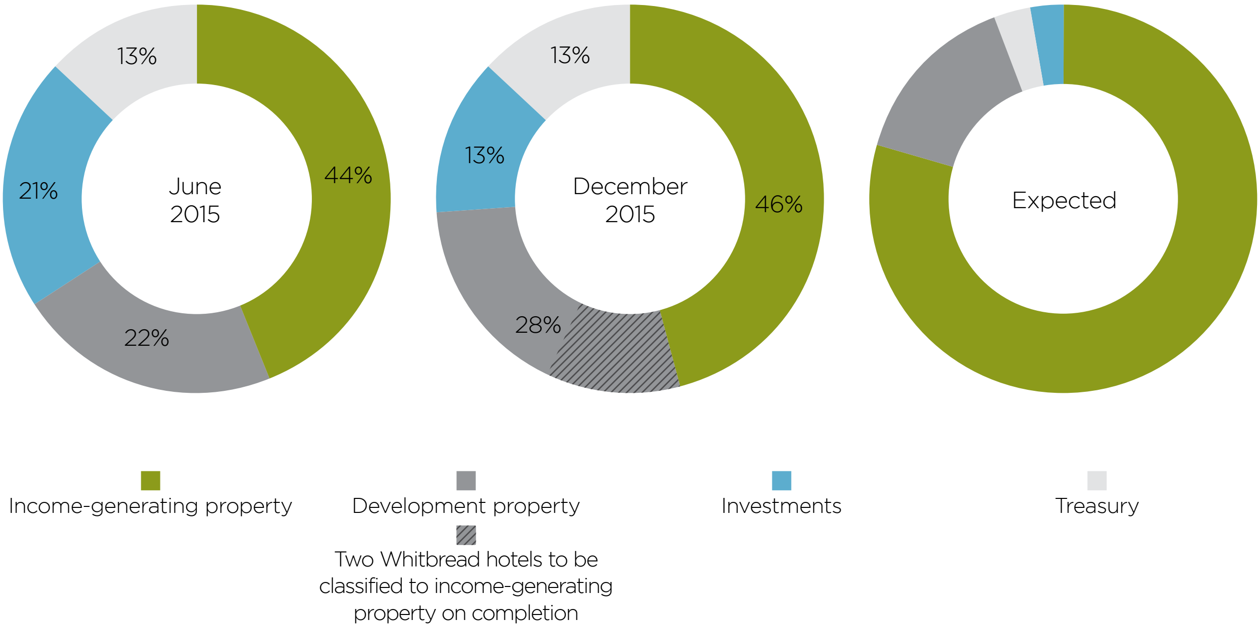
S

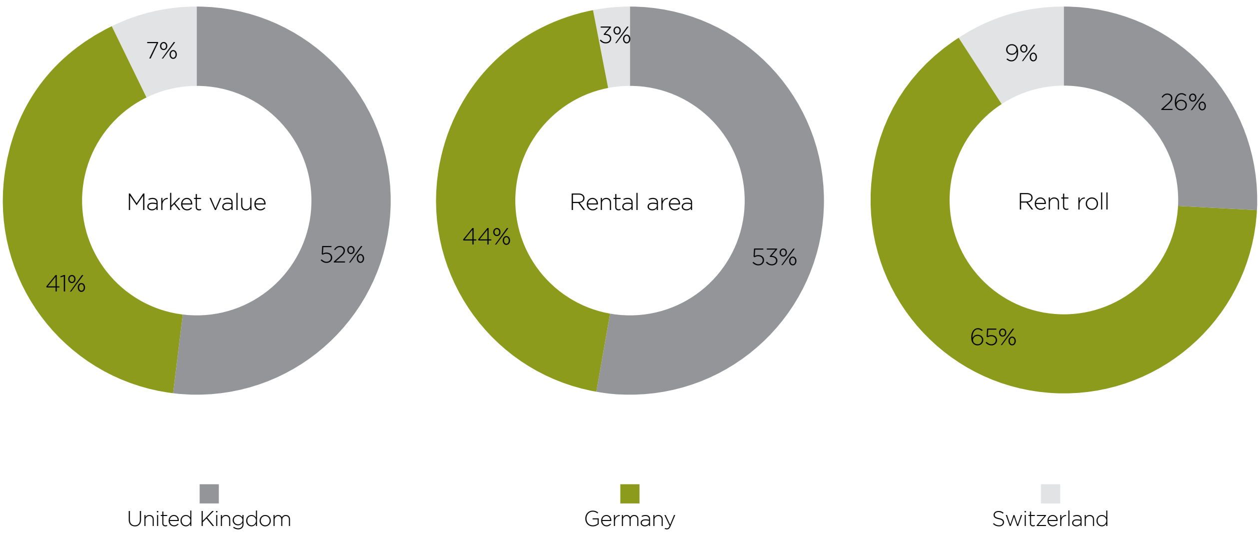
6 000 square metres of photovoltaic farm at Chippenham

ENVIRONMENTAL CREDIBILITY KEY TO SECURING NORTH STREET QUARTER PLANNING APPROVAL

All development plans substantially exceed environmental requirements

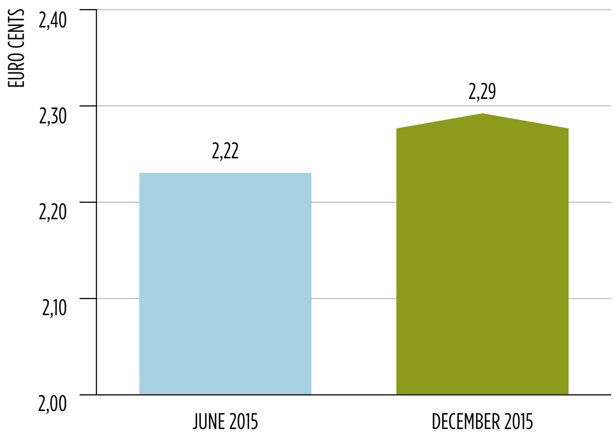
Portfolio breakdown



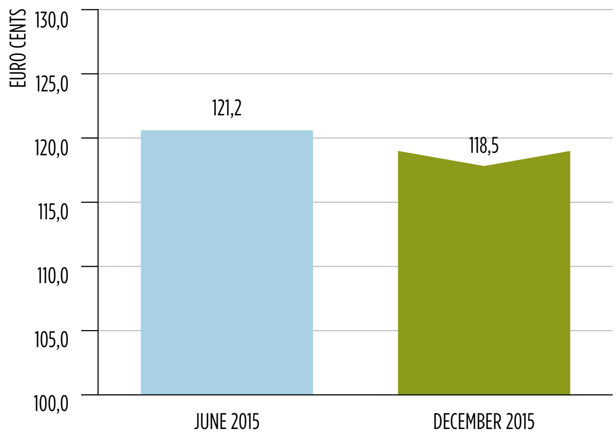


Key metrics

ADJUSTED CORE INCOME PER SHARE

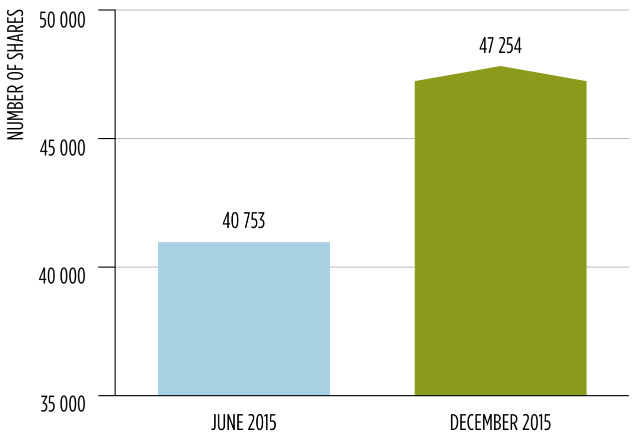


ADJUSTED NAV PER SHARE#

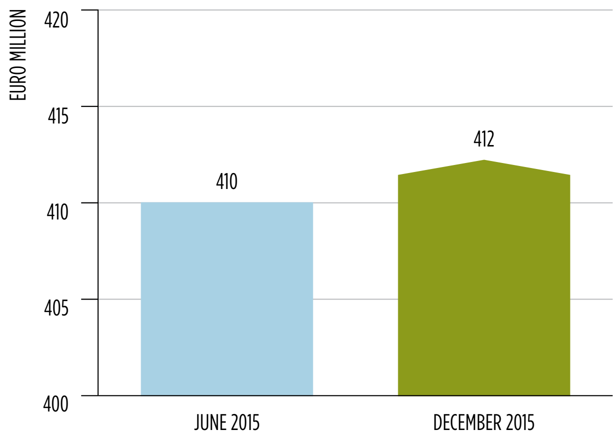


See adjusted like-for-like NAV per share bridge December 2015 for an analysis of the movement in adjusted NAV per share.

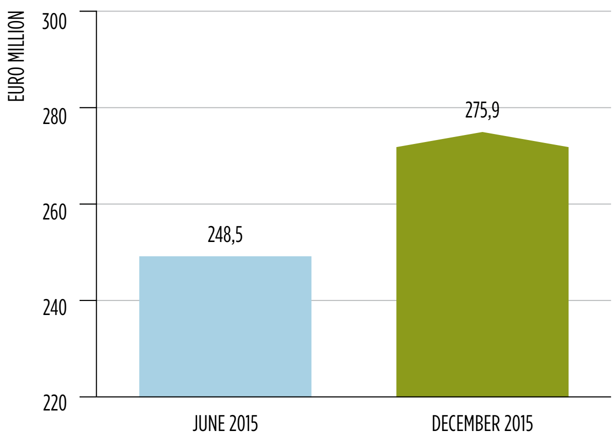
MEDIAN DAILY SHARE VOLUME



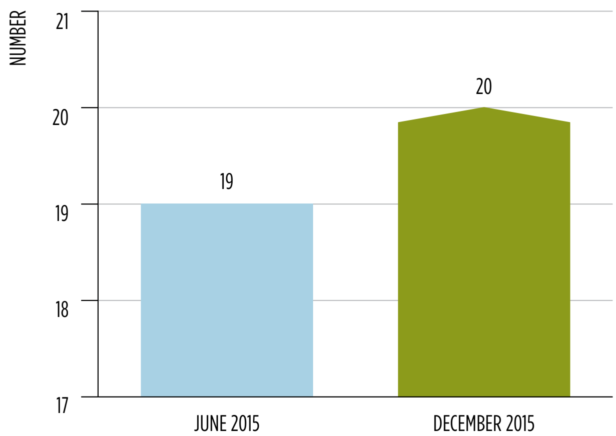
TOTAL ASSETS

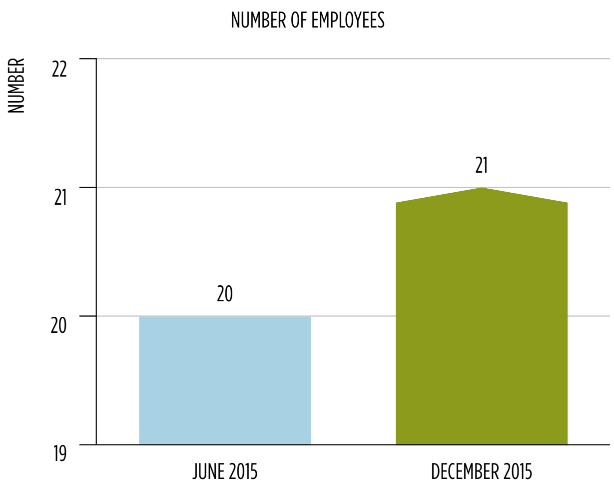


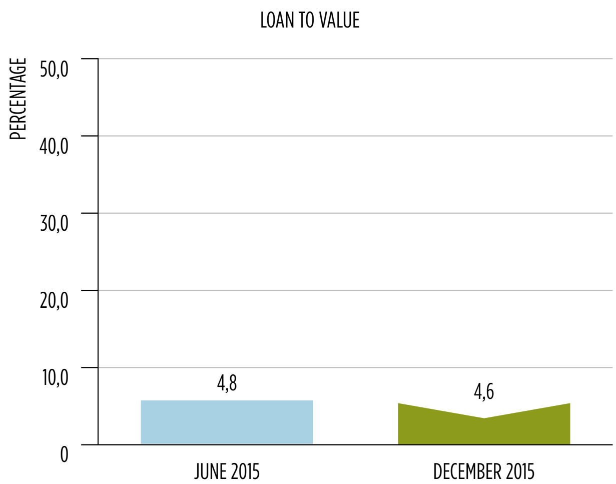
INVESTMENT PROPERTY



NUMBER OF PROPERTY LOCATIONS







Our key metrics are defined as follows:

KEY METRICS	OBJECTIVE	EXPLANATION
Financial		
Adjusted core income per share	Income generation and growth	The group's measure of underlying income which includes: operating income as adjusted for listing and structure costs that are eliminated; net finance costs; normal taxation; and further adjusted for realised profits or losses on investment property, investments and treasury investments to the extent that the board of directors deem it appropriate to distribute these
Adjusted NAV per share	Capital preservation and growth	Net asset value per share, adjusted by adding back deferred tax
Loan to value	Optimal gearing	External finance to gross property portfolio (investment property plus investments)
Portfolio		
Total assets	Economies of scale	Total assets, including all property and non-property assets
Investment property	Portfolio construction	Income-generating, development properties and investment property held for sale
Property locations	Diversification and optimal asset size	The number of locations in which we own properties
Team		
Number of employees	Optimal operational capacity	The number of employees, including group directors, as at the period end
Market		
Median daily share volume (annual)	Liquidity of traded share	The median number of shares traded per day during the financial period on the JSE

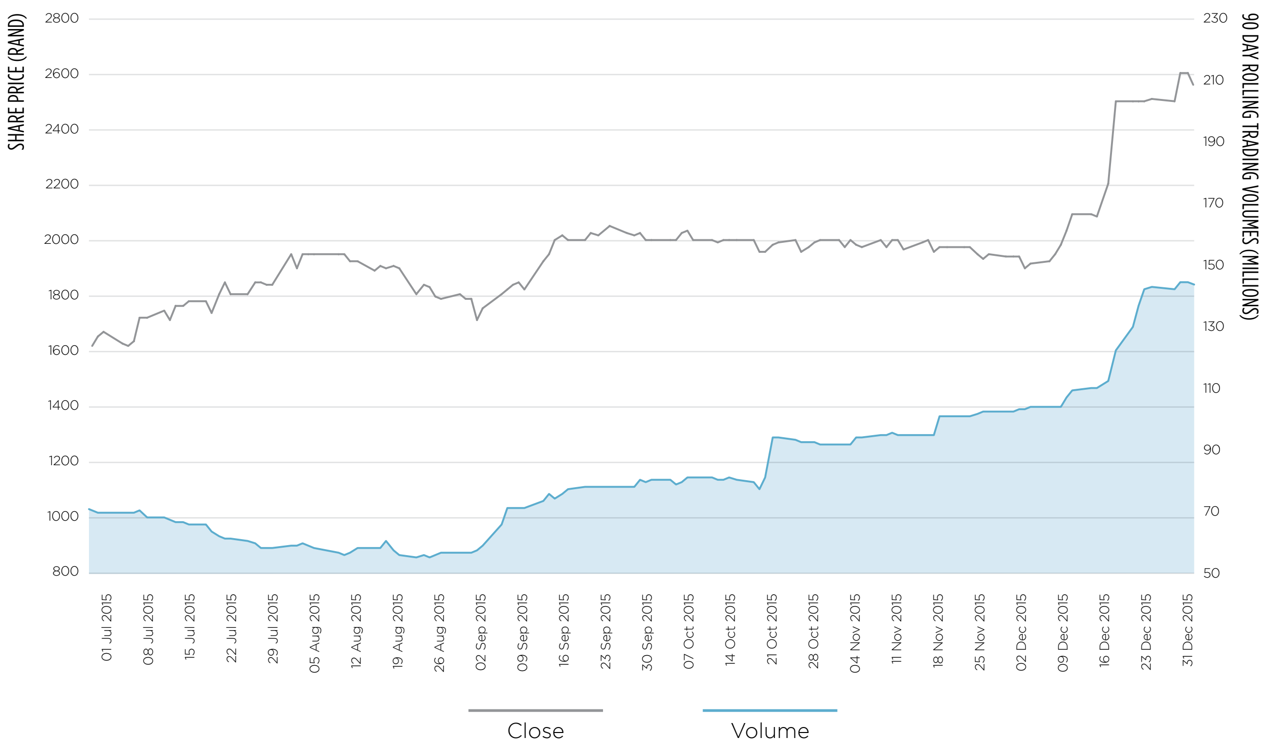
CEO review

The key financial metrics of the group continue to develop in an encouraging manner. Adjusted NAV, on a like-for-like basis[1], has grown by €4,5 million reaching €348,9 million at the period end. Adjusted core income increased by €0,25 million over the previous six-month period. The gross investment property portfolio reached €275,9 million as we have invested further in both our income-generating and development portfolios, and gearing has been secured on very attractive terms and will be accretive to our core income as this is invested in the pipeline.

Indices

The inclusion of MAS in the JSE SAPY index in December 2015 marks an important milestone in the development of the company. We indicated at year-end that entering various indices was a strategic priority, and it is pleasing to have already made this progress by the half-year stage. The much-improved liquidity makes the share more investable, and we are already seeing the benefits of that with an increased shareholder base.

MAS 6-MONTH SHARE PRICE AND 90 DAY ROLLING TRADING VOLUMES



1 Like-for-like adjustments relate to the removal of foreign exchange differences, and distributions, from the base, to allow a deeper analysis of the change in the underlying portfolio

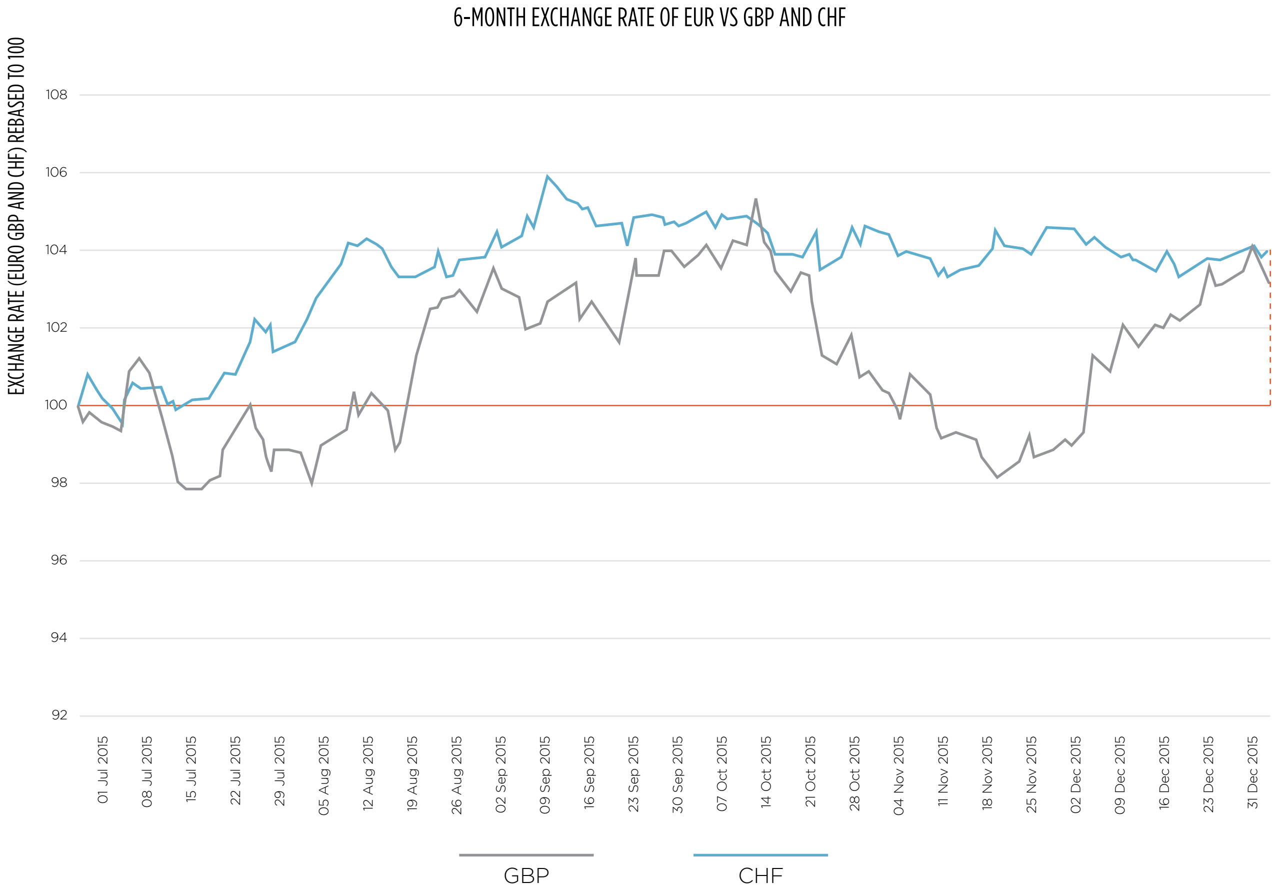
Market and pipeline

We are very well positioned at the start of 2016 to capitalise on various strong growth opportunities. In our core markets, we continue to see large capital sums being invested as institutions seek exposure to both real estate debt and equity. The continued competition has suppressed yields for our current and target assets, meaning in particular that careful consideration and diligence is required in appraising new investment opportunities in these markets. The firmness of these core markets has led us once again to seriously consider particular jurisdictions outside of Germany, Switzerland and the UK, where we believe that the risk-adjusted value proposition is compelling. It appears that from our detailed research such opportunities do exist, and we are diligently examining these in detail at the current time.

The pipeline has nonetheless been replenished with value-accretive investments in our markets. We expect to complete the negotiations for acquisitions in the months ahead. This is no mean feat in the current environment, but reflects the growing brand and presence of MAS, from which we are beginning to reap rewards. Our reputation as a serious yet transparent investor is invaluable and continues to grow.

Currency

MAS has adopted a basket-of-currencies approach to investing and does not hedge between the base currency of euros, and other investment currencies of sterling and Swiss francs. During the review period, the euro has strengthened against sterling and Swiss franc. In turn, this has the notional effect of reducing the value, reported in euros, of the portfolio in Switzerland and the UK.



Portfolio development and performance

Summarised statement of financial position

Euro	As at 31 December 2015	As at 31 December 2014	As at 30 June 2015
Goodwill	**28 449 119**	26 475 251	29 351 139
Investment portfolio			
– Income-generating property (including investment property held for sale)	**171 955 352**	102 787 078	164 390 519
– Development property	**103 907 766**	50 935 343	84 148 287
– Investments	**50 232 879**	75 152 433	79 568 758
– Treasury	**51 053 961**	103 190 261	47 716 754
Other assets	**6 204 208**	2 824 782	5 279 954
Total assets	**411 803 285**	361 365 148	410 455 411
Shareholder equity	**348 408 569**	319 140 168	353 140 598
Non-current liabilities	**22 063 767**	37 874 976	22 468 897
Current liabilities	**41 330 949**	4 350 004	34 845 916
Total equity and liabilities	**411 803 285**	361 365 148	410 455 411
Adjusted net asset value per share (euro cents)*	**118,5**	109,8	121,2
Number of ordinary shares in issue	**294 455 630**	290 602 608	291 787 889

*Net asset value per share as adjusted for deferred tax

Income-generating property

Our income-generating portfolio has grown by €7,6 million to €172,0 million with the December 2015 acquisition of a German retail warehouse tenanted by OBI, the prominent German retailer. The group has also exchanged conditional contracts on a logistics unit in Munich, Germany, on which we are due to complete in the coming months. Both acquisitions represent a good strategic fit with strong income, and with further investments imminent we will continue to deliver assets at similarly appealing yields.

The completion of the first two hotels and The Arches at New Waverley, our major development in the heart of Edinburgh in Scotland, will further boost the income-generating portfolio in the second half of the financial year. In addition, Siemens, our anchor tenant at Chippenham, Wiltshire, has leased an additional 1 000 square metres during the review period and has not exercised its lease break, thereby affirming its commitment to the site. This was expected, but having this secured allows us to move onto the next phase of enhancing the profitability of the site. In addition, we have obtained planning permission for a 6 000 square metre photovoltaic farm, which gives the site real green credentials. It will supply all of the electricity required on the estate, and feed the excess into the national grid at a fixed price.

Development property

The value of our development property portfolio has increased by €19,8 million to €103,9 million due to the continued capital investment in our development portfolio.

New Waverley

Our regeneration development in Edinburgh represents our most significant development to date. Phase 1 comprises three pre-let hotels with accompanying retail and leisure outlets, the construction of which is well advanced. The two Whitbread hotels were handed over to the tenant in late February, while completion later this year of the third hotel, to be occupied by Adagio, is on track. The Arches are now let and open for business.

The Arches in Edinburgh – open for business.

North Street Quarter

Located in the unique and delicate setting of the South Downs National Park, our North Street Quarter development in Lewes, East Sussex, is another regeneration scheme. In December 2015 we received unanimous approval at planning committee on our planning application. This is another significant achievement that demonstrates our expertise and experience in managing and extracting value in highly sensitive locations, in a manner that ensures both a financially and socially viable scheme.

Langley Park

Our Langley Park development is situated on a large site in Chippenham, Wiltshire. The last six months have seen terms agreed to sell a piece of the land to a discount food retailer, and to bring a leading budget hotel operator to the site on a long-lease basis.

Portfolio development and performance (continued)

Investments

Despite recent declines in European and South African equity and real estate indices, our investment portfolio has performed strongly over the period with a net gain of €4,5 million.

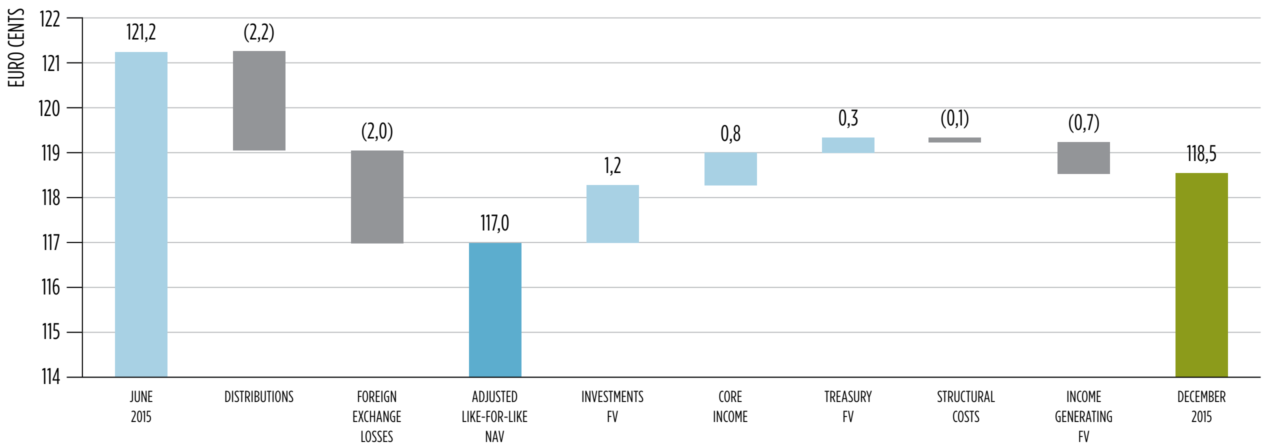
The Karoo Fund, which has been a strong performer, increased in value by a further €3,5 million in the period, with €37,8 million being redeemed. The Karoo Fund had a termination date of 31 January 2016, and as part of our final distribution we have received an in-specie redemption of shares in Sirius Real Estate Limited ("Sirius"). The final redemption has triggered the settlement of our liability to Attacq Limited, from whom we acquired the investment, through the issuance of MAS shares. Per the overage arrangement detailed in the Sale and Purchase Agreement, these shares are to be issued at the 30-day VWAP as at the date of each redemption. Accordingly, 21 317 449 shares will be issued to Attacq in settlement of this, which would have increased the shareholding of Attacq to 48,6% as at the date of this report.

Our direct investment in Sirius has increased in value by €1,0 million. Together with the in-specie redemption from Karoo we now hold 12,1% of Sirius. This remains a strategic and important investment for MAS, and we are encouraged by the performance of its underlying portfolio and income-generating ability.

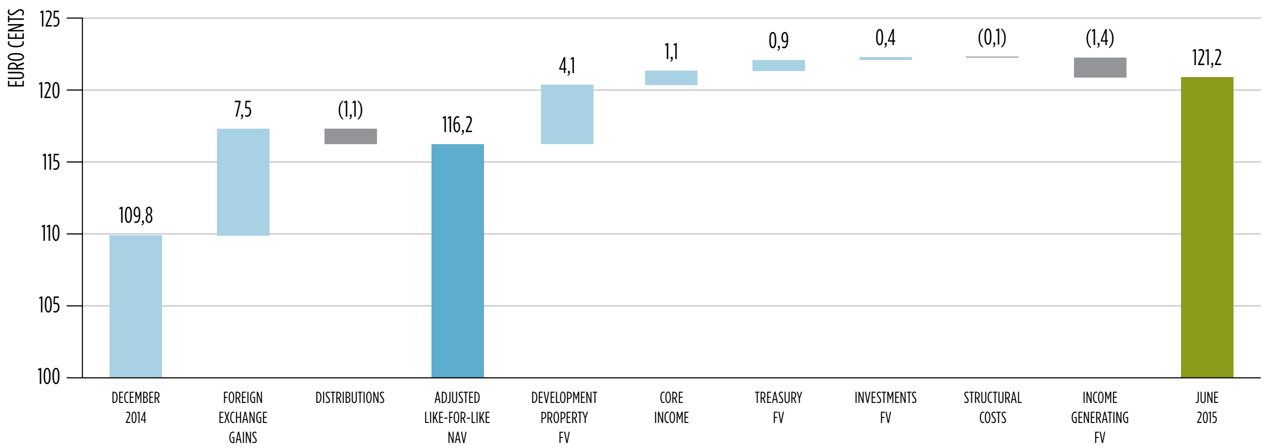
Funding

Our current loan-to-value of 4,6% gives us the opportunity to continue to gear the portfolio at low fixed rates of interest. During the period, management has made significant progress in this regard securing a combined facility of €30,6 million at a fixed interest rate below 2,5%. We are also in advanced discussion with other lenders as we look to optimise our gearing and fund our investment pipeline.

ADJUSTED LIKE-FOR-LIKE NAV PER SHARE BRIDGE DECEMBER 2015



ADJUSTED LIKE-FOR-LIKE NAV PER SHARE BRIDGE JUNE 2015



Distribution income statement

For the six months ended 31 December 2015

Euro	Six-month period ended 31 December 2015	Six-month period ended 30 June 2015	Six-month period ended 31 December 2014
Rental income	**6 586 450**	6 108 461	2 625 058
Service charges	**695 687**	589 637	—
Other income	**145 964**	—	—
Expenses			
Portfolio related expenses	**(1 783 557)**	(1 547 436)	(489 420)
Investment adviser fees	**—**	—	(1 248 330)
Administrative expenses*	**(2 817 825)**	(1 453 849)	(466 405)
Net operating income	**2 826 719**	3 696 813	420 903
Net finance income/(costs)	**15 184**	(441 917)	(134 780)
Taxation**	**(502 278)**	(219 184)	(152 264)
Core income	**2 339 625**	3 035 713	133 859
Adjustments:			
Realised profits on Karoo Fund redemptions	**4 355 077**	1 713 177	3 208 380
Realised profits on treasury portfolio	**—**	1 696 715	—
Adjusted core income	**6 694 702**	6 445 604	3 342 239
Adjusted core income per share	**2,29**	2,22	1,18
Weighted average number of shares outstanding	**292 516 780**	290 688 212	283 885 876
Actual number of shares outstanding	**294 455 630**	291 787 889	290 602 608
Interim distribution*** (euro cents per share)	**2,27**	2,20	1,15

* Excluding listing and structure costs of €174 809 (June: €129 131; December: €375 450)
** Excluding deferred taxation of (€142 521) (June: (€253 868); December €526 128)
*** Based upon the number of shares in issue at interim period end

Underlying core income continues to increase, in-line with the growing portfolio and driven by acquisitions. The investment case for acquiring income-yielding properties remains strong, whereby we continue to exploit the large yield gaps between acquisition yields and the cost of debt funding. Further acquisitions are imminent, and the completion of the Whitbread hotels, which will drive core income growth into the second half of this year.

Distribution

The directors are pleased to propose an interim distribution to shareholders of €6 694 702 or 2,27 euro cents per share based upon the number of shares in issue at the period end. Details of the distribution will follow in due course.

Team
We continue to add to our growing team and, in doing so, improve our 'on the ground' capabilities. We have recently employed a European asset manager based in Frankfurt, Germany. The financial performance of MAS is ultimately driven by the collective output of our team. We have a very strong team now, and we are well positioned to continue leveraging this team in our investment jurisdictions.

Reporting currency
The company's results are reported in euros.

Listings
MAS is listed on the Main Board of the Johannesburg Stock Exchange ("JSE") and the Euro MTF Market of the Luxembourg Stock Exchange.

Statement of compliance
These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34: Interim Financial Reporting, the JSE Listings Requirements, Luxembourg Stock Exchange ("LuxSE") rules and regulations and applicable legal and regulatory requirements of the BVI Companies Act 2004.

Assurance
KPMG Audit LLC has independently reviewed these condensed interim consolidated financial statements for the six-month period ended 31 December 2015 and their report can be found on page 13. The review report does not necessarily report on all information contained in these condensed interim consolidated financial statements. The directors take full responsibility for the preparation of these condensed interim consolidated financial statements.

By order of the board

Lukas Nakos
Chief Executive Officer

Douglas, Isle of Man
24 February 2016

Registered office
Midocean Chambers
Road Town
Tortola
British Virgin Islands

Registrar
Computershare Investor Services
(BVI) Limited
Woodbourne Hall
PO Box 3162
Road Town, Tortola
British Virgin Islands

For correspondence
2nd Floor, Clarendon House
Victoria Street
Douglas
Isle of Man
IM1 2LN

Transfer secretary
Computershare Investor Services
(Proprietary) Limited
Ground floor
70 Marshall Street
Johannesburg, 2001
South Africa

Directors
Ron Spencer (non-executive chairman)
Lukas Nakos (chief executive officer)
Malcolm Levy (chief financial officer)
Jonathan Knight (chief investment officer)
Gideon Oosthuizen (non-executive)
Pierre Goosen (non-executive)
Morné Wilken (non-executive)
Jaco Jansen (non-executive)

Company secretary
Helen Cullen

JSE sponsor
Java Capital Trustees and Sponsors
Proprietary Limited

Review report by KPMG Audit LLC to MAS Real Estate Inc

For the six months ended 31 December 2015

We have been engaged by MAS Real Estate Inc (the "company") and its subsidiaries (collectively the "group") to review the condensed set of consolidated financial statements for the interim report for the six-months ended 31 December 2015 which comprise the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related notes.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting, the Johannesburg Stock Exchange ("JSE") Listings Requirements, the Luxembourg Stock Exchange ("LuxSE") rules and regulations and applicable legal and regulatory requirements of the BVI Companies Act 2004.

The annual financial statements of the group are prepared in accordance with IFRSs. The condensed set of financial statements included in this interim report have been prepared in accordance with IAS 34 Interim Financial Reporting.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the interim report based on our review.

Scope of review

We have conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with applicable law and International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion on the financial statements

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the interim report for the six-months ended 31 December 2015 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

KPMG Audit LLC
Chartered Accountants

Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN
24 February 2016

Condensed consolidated statement of profit or loss

For the six months ended 31 December 2015

Euro	Note	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Revenue				
Rental income	4	6 586 450	2 625 058	8 733 519
Service charge	4	695 687	—	589 637
Other income		145 964	—	—
Expenses				
Portfolio related expenses		(1 783 557)	(489 420)	(2 036 856)
Investment adviser fees		—	(1 248 330)	(1 249 295)
Administrative expenses		(2 992 634)	(841 855)	(2 423 870)
Net operating income		**2 651 910**	**45 453**	**3 613 135**
Fair value adjustments	5	2 378 038	16 296 691	27 877 364
Exchange differences		(3 053 676)	2 543 511	17 660 295
Profit before finance income/costs		**1 976 272**	**18 885 655**	**49 150 794**
Finance income		318 713	146 500	4 676
Finance costs		(303 529)	(281 280)	(581 374)
Profit before taxation		**1 991 456**	**18 750 875**	**48 574 096**
Taxation	6	(644 799)	373 864	(99 188)
Profit for period/year attributable to the owners of the group		**1 346 657**	**19 124 739**	**48 474 908**
Basic and diluted earnings per share (euro cents)	16	0,46	6,74	16,87

The notes on pages 19 to 42 form part of these condensed interim consolidated financial statements.

Condensed consolidated statement of other comprehensive income

For the six months ended 31 December 2015

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Profit for period/year	**1 346 657**	**19 124 739**	**48 474 908**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences	(2 901 167)	94 500	6 575 768
Total comprehensive (loss)/income for the period/year attributable to the owners of the group	**(1 554 510)**	**19 219 239**	**55 050 676**

Condensed consolidated statement of financial position

For the six months ended 31 December 2015

Euro	Note	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Non-current assets				
Goodwill	7	28 449 119	26 475 251	29 351 139
Investment property	8	273 819 368	153 722 421	248 538 806
Investments	9	15 910 475	75 152 433	12 346 864
Property, plant and equipment		176 846	17 838	15 136
Deferred taxation asset	6	908 482	659 187	737 015
Total non-current assets		**319 264 290**	**256 027 130**	**290 988 960**
Current assets				
Investments	9	34 322 404	—	67 221 894
Short term loans receivable	10, 17	19 056 917	—	—
Trade and other receivables		5 118 880	2 147 757	4 527 803
Treasury investments	11	—	31 933 437	2 604 979
Cash and cash equivalents		31 997 044	71 256 824	45 111 775
Assets held for sale	12	2 043 750	—	—
Total current assets		**92 538 995**	**105 338 018**	**119 466 451**
Total assets		**411 803 285**	**361 365 148**	**410 455 411**
Equity				
Share capital	13	308 913 797	304 161 079	305 671 992
Retained earnings		35 197 243	14 261 661	40 269 910
Foreign currency translation reserve		4 297 529	717 428	7 198 696
Shareholder equity attributable to the owners of the group		**348 408 569**	**319 140 168**	**353 140 598**
Non-current liabilities				
Interest bearing borrowings		14 219 630	13 984 633	14 779 769
Financial instruments	14	6 413 512	23 176 439	6 545 482
Deferred taxation liability	6	1 430 625	713 904	1 143 646
Total non-current liabilities		**22 063 767**	**37 874 976**	**22 468 897**
Current liabilities				
Interest bearing borrowings		751 848	890 919	968 120
Financial instruments	14	32 886 514	—	26 378 571
Trade and other payables		5 215 677	3 459 085	4 795 360
Provisions		92 290	—	—
Deferred consideration		2 384 620	—	2 703 865
Total current liabilities		**41 330 949**	**4 350 004**	**34 845 916**
Total liabilities		**63 394 716**	**42 224 980**	**57 314 813**
Total shareholder equity and liabilities		**411 803 285**	**361 365 148**	**410 455 411**
Actual number of ordinary shares in issue		294 455 630	290 602 608	291 787 889
Net asset value per share (euro cents)		118,3	109,8	121,0
Adjusted net asset value per share (euro cents)[#]		118,5	109,8	121,2

[#] Net asset value per share as adjusted for deferred taxation

The notes on pages 19 to 42 form part of these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were approved by the board of directors on 24 February 2016 and signed on their behalf by:

Ron Spencer
Chairman

Malcolm Levy
Chief financial officer

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2015

Euro	Note	Share capital	Retained (loss)/ earnings	Foreign currency translation reserve	Total
Balance at 30 June 2014 (audited)		**289 978 080**	**(1 276 580)**	**622 928**	**289 324 428**
Comprehensive income for the period					
Profit for the period		—	19 124 739	—	**19 124 739**
Other comprehensive income		—	—	94 500	**94 500**
Total comprehensive income for the period		**—**	**19 124 739**	**94 500**	**19 219 239**
Transactions with the owners of the group					
Issue of shares	13	14 182 999	—	—	**14 182 999**
Distributions		—	(3 586 498)	—	**(3 586 498)**
Total transactions with the owners of the group		**14 182 999**	**(3 586 498)**	**—**	**10 596 501**
Balance at 31 December 2014		**304 161 079**	**14 261 661**	**717 428**	**319 140 168**
Comprehensive income for the period					
Profit for the period		—	29 350 169	—	**29 350 169**
Other comprehensive income		—	—	6 481 268	**6 481 268**
Total comprehensive income for the period		**—**	**29 350 169**	**6 481 268**	**35 831 437**
Transactions with the owners of the group					
Issue of shares	13	1 510 913	—	—	**1 510 913**
Distributions		—	(3 341 920)	—	**(3 341 920)**
Total transactions with the owners of the group		**1 510 913**	**(3 341 920)**	**—**	**(1 831 007)**
Balance at 30 June 2015 (audited)		**305 671 992**	**40 269 910**	**7 198 696**	**353 140 598**
Comprehensive income for the period					
Profit for the period		—	1 346 657	—	**1 346 657**
Other comprehensive loss		—	—	(2 901 167)	**(2 901 167)**
Total comprehensive income for the period		**—**	**1 346 657**	**(2 901 167)**	**(1 554 510)**
Transactions with the owners of the group					
Issue of shares	13	3 241 805	—	—	**3 241 805**
Distributions		—	(6 419 324)	—	**(6 419 324)**
Total transactions with the owners of the group		**3 241 805**	**(6 419 324)**	**—**	**(3 177 519)**
Balance at 31 December 2015		**308 913 797**	**35 197 243**	**4 297 529**	**348 408 569**

The notes on pages 19 to 42 form part of these condensed interim consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 December 2015

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Profit for the period/year	**1 346 657**	19 124 739	48 474 908
Cash generated from operating activities	**743 083**	299 519	4 261 555
Cash used in investing activities	**(10 385 043)**	(133 320 881)	(163 395 452)
Cash used in financing activities	**(3 886 730)**	(3 530 316)	(6 092 501)
Net decrease in cash and cash equivalents	**(13 528 690)**	**(136 551 678)**	**(165 226 398)**
Cash and cash equivalents at the beginning of the period/year	**45 111 775**	205 800 188	205 800 188
Effect of exchange rate fluctuations	**413 959**	2 008 314	4 537 985
Cash and cash equivalents at the end of the period/year	**31 997 044**	**71 256 824**	**45 111 775**

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

1. Reporting entity

MAS Real Estate Inc. (the "company" or "MAS") is domiciled in the British Virgin Islands ("BVI"). These condensed interim consolidated financial statements as at, and for the six-month period ended 31 December 2015, comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities").

MAS is a real estate investment company with a portfolio of commercial properties in Western Europe. The group aims to provide investors with an attractive, sustainable euro-based distribution and growth in value over time through acquisition, development and asset management strategy. The current investment focus of the group is on Germany, Switzerland and the United Kingdom.

2. Basis of preparation

Statement of compliance

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

3. Significant accounting policies

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

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

Assets held for sale

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

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

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

New and amended standards and interpretations not yet adopted

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

Amendments/improvements to standards and interpretations not yet effective	IASB effective for annual periods beginning on or after
Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	1 January 2016
Equity Method in Separate Financial Statements – Amendments to IAS 27	1 January 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	1 January 2016
Annual Improvements to IFRSs – 2012-2014 Cycle	1 January 2016
Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28	1 January 2016
Disclosure Initiative – Amendments to IAS 1	1 January 2016
Amendments to IAS 16 and IAS 41 – bringing bearer plant into the scope of IAS 16 and IAS 41	1 January 2016
IFRS 9 (2014) – Financial instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

Management has not yet assessed the impact of adopting these standards and interpretations.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

4. Revenue

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Rental income	6 586 450	2 625 058	8 733 519
Service charge	695 687	—	589 637
	7 282 137	**2 625 058**	**9 323 156**

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

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
No later than 1 year	15 292 948	8 240 986	13 327 092
Greater than 1 year and less than 5 years	65 655 806	45 320 480	62 612 949
Greater than 5 years	121 583 632	109 561 871	121 736 011
	202 532 386	**163 123 337**	**197 676 052**

5. Fair value adjustments

Euro		Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Fair value adjustments				
Gain on fair value of investments		7 791 510	41 394 078	46 786 228
Gain on fair value of treasury investments		309 149	1 847 018	4 301 694
(Loss)/gain on fair value of investment property		(2 074 710)	(5 732 013)	5 718 442
Loss on fair value of financial instruments		(3 647 911)	(21 212 392)	(28 929 000)
		2 378 038	**16 296 691**	**27 877 364**
Summarised as follows:				
Fair value movement in investments				
Karoo Fund		7 076 240	40 130 514	45 651 311
Sirius Real Estate Limited (“Sirius”)		715 270	1 263 564	1 134 917
	9	**7 791 510**	**41 394 078**	**46 786 228**
Fair value movement in treasury investments				
Treasury investments		309 149	1 847 018	4 301 694
	11	**309 149**	**1 847 018**	**4 301 694**
Fair value movement in investment property				
United Kingdom		(677 049)	(2 105 788)	11 837 028
Germany		(1 397 661)	(3 626 225)	(5 502 304)
Switzerland		—	—	(616 282)
	8	**(2 074 710)**	**(5 732 013)**	**5 718 442**
Fair value movement in financial instruments				
Interest rate swaps		(46 837)	(447 703)	(312 488)
Attacq Limited (“Attacq”) financial liability	14	(3 601 074)	(20 764 689)	(24 896 101)
Development management fee	14	—	—	(1 488 165)
Priority participating profit dividend	14	—	—	(2 232 246)
		(3 647 911)	**(21 212 392)**	**(28 929 000)**

6. Taxation

The company, which is domiciled in the British Virgin Islands, 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 investment companies are held.

In the UK, the group provides for taxation at the rate of 20% of taxable profits, being net rentals less allowable property expenses and interest. In the current period, UK normal taxation of €322 347 (December 2014: €87 097; June 2014: €241 594) has been provided for.

In Switzerland, the group is liable to cantonal and federal taxes, in addition to a wealth tax. The effective income tax rate for income from the Swiss portfolio is 20,673%, with wealth tax charged at a rate of 0,1695% of net assets. For the period under review the Swiss portfolio was in a taxable loss position as a result of capital allowances on the property, and hence no income tax is payable. A wealth tax payable of €3 426 (December 2014: €3 722; June 2014: €10 652) has been accrued.

In Germany, the group is taxed on net rental income, with an effective corporate income tax and solidarity tax rate of 15,825%. For the year under review the German portfolio corporation income tax payable of €176 505 (December 2014: €61 445; June 2014: €119 201) has been accrued.

Corporate tax charge and deferred taxation

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Current year taxation	(502 278)	(152 264)	(371 447)
Deferred taxation income/(expense)	(142 521)	526 128	272 259
Tax expense	**(644 799)**	**373 864**	**(99 188)**
Reconciliation of deferred taxation:			
Deferred taxation brought forward	406 631	873 399	873 399
Current year deferred taxation	142 521	(526 128)	(272 259)
Foreign exchange movement in Other Comprehensive Income (“OCI”)	(27 009)	(292 554)	(194 509)
Deferred taxation liability carried forward	**522 143**	**54 717**	**406 631**

The deferred taxation liability results from the following types of differences:

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Deferred taxation on temporary differences between accounting and fiscal value of investment property	908 482	659 187	737 015
Deferred taxation asset	**908 482**	**659 187**	**737 015**
Deferred taxation on temporary differences between accounting and fiscal value of investment property	1 430 625	713 904	1 143 646
Deferred taxation liability	**1 430 625**	**713 904**	**1 143 646**
Net deferred taxation liability	**522 143**	**54 717**	**406 631**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

6. Taxation (continued)

Reconciliation of effective taxation rate

Euro	%	Six-month period ended 31 December 2015	%	Six-month period ended 31 December 2014	%	Audited Year ended 30 June 2015
Profit before taxation		1 991 456		18 750 875		48 574 096
Taxation using the company's domestic rate	0,00	—	0,00	—	0,00	—
Effect of tax rates in foreign jurisdictions	(25,23)	(502 278)	(0,81)	(152 264)	(0,76)	(371 447)
Change in recognised deductible temporary differences						
– Revaluation of investment property	12,12	241 286	3,89	729 304	2,14	1 040 682
– Change in tax base	(19,27)	(383 807)	(1,09)	(203 176)	(1,58)	(768 423)
	(32,38)	**(644 799)**	**1,99**	**373 864**	**(0,20)**	**(99 188)**

7. Goodwill

The group's goodwill comprises:

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
New Waverley 10 Limited	1 533 560	1 445 049	1 582 184
MAS Property Advisors Limited	26 915 559	25 030 202	27 768 955
	28 449 119	**26 475 251**	**29 351 139**

Reconciliation of the group's carrying amount of goodwill:

Euro	MAS Property Advisors Limited	New Waverley 10 Limited	Total
Cost			
Opening balance 1 July 2014 (audited)	**—**	**1 371 537**	**1 371 537**
Acquisition of subsidiary	24 970 329	—	**24 970 329**
Foreign exchange movement in OCI	59 873	73 512	**133 385**
Closing balance 31 December 2014	**25 030 202**	**1 445 049**	**26 475 251**
Foreign exchange movement in OCI	2 738 753	137 135	**2 875 888**
Closing balance 30 June 2015 (audited)	**27 768 955**	**1 582 184**	**29 351 139**
Foreign exchange movement in OCI	(853 396)	(48 624)	**(902 020)**
Closing balance 31 December 2015	**26 915 559**	**1 533 560**	**28 449 119**
Carrying amount 31 December 2014	**25 030 202**	**1 445 049**	**26 475 251**
Carrying amount 30 June 2015 (audited)	**27 768 955**	**1 582 184**	**29 351 139**
Carrying amount 31 December 2015	**26 915 559**	**1 533 560**	**28 449 119**

Impairment

New Waverley 10 Limited
There was no indicator of impairment at 31 December 2015, accordingly, no impairment test was performed. Goodwill will be tested for impairment at 30 June 2016. No impairment charge arose as a result of the group's previous annual impairment test of goodwill in relation to New Waverley 10 Limited (December 2014: nil; June 2015: nil).

MAS Property Advisors Limited
No impairment charge arose as a result of the group's impairment test of goodwill in relation to MAS Property Advisors Limited.

The recoverable amount of the MAS Property Advisors Limited Cash Generating Unit ("CGU") was based on the value in use, as determined using a discounted cash flow. The cash flow was forecast for a period of 8,5 years, which is the remaining term of the investment advisory agreement. Budgeted earnings before interest, tax, depreciation and amortisation ("EBITDA") was based on expectations of future outcomes taking into account past experience adjusted for anticipated net asset growth of the group and increases in operating expenses.

The following key assumptions were used in the impairment assessment:

Inputs	
Pre-tax discount rate	7,16%
Annual increase in revenue	8,00% – 14,00%
Annual increase in operating expenses	0,32% – 5,00%
Budgeted period	8,5 years

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

8. Investment property

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

Euro	**As at 31 December 2015**	**As at 31 December 2014**	**Audited As at 30 June 2015**
Income-generating property	169 911 602	102 787 078	164 390 519
Development property	103 907 766	50 935 343	84 148 287
	273 819 368	**153 722 421**	**248 538 806**

The group's investment property is measured at fair value. The group holds three classes of investment property: Retail; Industrial; and mixed use developments under construction ("Mixed use") in three jurisdictions: UK; Germany; and Switzerland.

As at 31 December 2015

	Development property	**Income-generating property**				
	UK	**UK**		**Germany**	**Switzerland**	
Euro	**Mixed use**	**Industrial**	**Retail**	**Retail**	**Industrial**	**Total**
Opening balance	**84 148 287**	**37 602 476**	**2 811 400**	**102 830 000**	**21 146 643**	**248 538 806**
Property acquisitions	–	–	–	10 315 400	–	**10 315 400**
Capitalised expenditure	21 551 678	4 088	–	22 131	–	**21 577 897**
Capitalised acquisition costs	–	–	–	1 089 375	–	**1 089 375**
Capitalised retentions	796 643	–	–	270 755	–	**1 067 398**
Fair value adjustment (note 5)	–	–	(677 049)	(1 397 661)	–	**(2 074 710)**
Reclassification to assets held for sale (note 12)	–	–	(2 043 750)	–	–	**(2 043 750)**
Foreign exchange movement in OCI	(2 588 842)	(1 147 220)	(90 601)	–	(824 385)	**(4 651 048)**
Closing balance	**103 907 766**	**36 459 344**	**–**	**113 130 000**	**20 322 258**	**273 819 368**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

8. Investment property (continued)

As at 31 December 2014

	Development property	Income-generating property				
	UK	UK		Germany	Switzerland	
Euro	Mixed use	Industrial	Retail	Retail	Industrial	Total
Opening balance	**25 101 270**	**8 359 590**	**4 866 030**	**7 900 000**	**18 524 952**	**64 751 842**
Property acquisitions	16 262 250	24 821 334	–	35 333 931	–	**76 417 515**
Capitalised expenditure	8 742 653	–	–	–	9 428	**8 752 081**
Capitalised acquisition costs	953 220	1 439 409	–	5 855 355	–	**8 247 984**
Fair value adjustment (note 5)	(839 576)	(1 266 212)	–	(3 626 225)	–	**(5 732 013)**
Foreign exchange movement in OCI	715 526	224 198	141 032	–	204 256	**1 285 012**
Closing balance	**50 935 343**	**33 578 319**	**5 007 062**	**45 463 061**	**18 738 636**	**153 722 421**

As at 30 June 2015 (audited)

	Development property	Income-generating property				
	UK	UK		Germany	Switzerland	
Euro	Mixed use	Industrial	Retail	Retail	Industrial	Total
Opening balance	**25 101 270**	**8 359 590**	**4 866 030**	**7 900 000**	**18 524 952**	**64 751 842**
Property acquisitions	16 262 250	24 821 334	–	90 488 931	–	**131 572 515**
Capitalised expenditure	22 194 819	–	–	–	183 723	**22 378 542**
Capitalised acquisition costs	–	1 441 896	–	7 239 508	–	**8 681 404**
Capitalised retentions	–	–	–	2 703 865	–	**2 703 865**
Fair value adjustment (note 5)	14 881 638	(523 880)	(2 520 730)	(5 502 304)	(616 282)	**5 718 442**
Foreign exchange movement in OCI	5 708 310	3 503 536	466 100	–	3 054 250	**12 732 196**
Closing balance	**84 148 287**	**37 602 476**	**2 811 400**	**102 830 000**	**21 146 643**	**248 538 806**

Fair value

Acquisitions during the period are carried at fair value being the independent valuation at the date of acquisition. Development properties are carried at fair value. Where fair value cannot be reliably determined, but for which the group expects the fair value will be reliably determinable as construction progresses, they are measured at cost less impairment until fair value becomes reliably determinable, as cost less impairment is the best estimate of fair value. Changes in fair values are recognised as gains and losses in profit or loss. There are no realised gains in the current period (December 2014: €nil; June 2015 €nil).

On 22 December 2015 the group acquired a retail warehouse in Germany tenanted by OBI for €10 315 000.

Operating leases

Investment properties are subject to operating leases. The group's investment property portfolio generated €6 586 450 (December 2014: €2 625 058; June 2015: €8 733 519) in rental income and €695 687 (December 2014: €nil; June 2015: €589 637) in service charge income. No rental income or service charge income generated by investment property was contingent or variable. Portfolio related expenses of €1 783 557 (December 2014: €489 420; June 2015: €2 036 856) have been recognised in profit or loss.

Interest bearing borrowings

Bank borrowings of €14 971 478 (December 2014: €14 875 552; June 2015: €15 747 889) are secured on retail and commercial income-generating property in Germany and Switzerland with a fair value of €28 272 258 (December 2014: €26 638 636; June 2015: €29 096 643). On 21 December 2015 the group entered into three loan agreements for a combined facility of €30 550 000 on retail income generating property in Germany with a fair value of €47 680 000. This facility was not drawn down as at 31 December 2015, see note 18.

Capital commitments

The group has capital commitments of €25 467 195 (December 2014: €15 028 153; June 2015: €43 863 249) in respect of capital expenditures contracted for at the reporting date, see note 18.

Related parties

The group entity New Waverley 10 Limited has a development management agreement with New Waverley Advisers Limited, a related party, for the development and construction of the New Waverley mixed use site in Edinburgh. This development management agreement includes development management fees, together with a profit participation on the 'B shares'. The group has provided for the fees proportionate to the fair value adjustment in the New Waverley development, see notes 14 and 17.

The group has capitalised costs incurred from related parties amounting to €17 790 498 (December 2014: €8 560 753; June 2015: €19 958 467) during the period, see note 17.

Measurement of fair values

Valuation process for level 3 investment property

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. Lastly, the investment property valuation is reviewed by the Audit Committee.

Fair value hierarchy

The fair value measurement of all the group's investment properties 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 investments in the fair value hierarchy:

As at 31 December 2015		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Income-generating property	169 911 602	–	–	169 911 602
Development property	103 907 766	–	–	103 907 766
	273 819 368	**–**	**–**	**273 819 368**

As at 31 December 2014		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Income-generating property	102 787 078	–	–	102 787 078
Development property	50 935 343	–	–	50 935 343
	153 722 421	**–**	**–**	**153 722 421**

As at 30 June 2015 (audited)		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Income-generating property	164 390 519	–	–	164 390 519
Development property	84 148 287	–	–	84 148 287
	248 538 806	**–**	**–**	**248 538 806**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

8. Investment property (continued)

Valuation technique and significant unobservable inputs

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

As at 31 December 2015, 31 December 2014 and 30 June 2015

Investment property type	Valuation technique	Significant unobservable inputs	Inter-relation between key unobservable inputs and fair value measurement
Income-generating property	*Discounted cash flows:* The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth 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.	– Risk adjusted discount rates – Market rent – Net rental growth – Reversionary discount rate	The estimated fair value would increase (decrease) if: – Expected market rental growth were higher (lower) – The occupancy rate were higher (lower) – The reversionary discount rate were lower (higher) – The risk adjusted discount rate were lower (higher)
Development property	*Discounted cash flows less cost to complete:* The discounted cash flow is determined on the same basis as income-generating properties based on the completed development property. Costs to complete as determined by external quantity surveyors are deducted from the discounted cash flow.	– Risk adjusted discount rates – Market rent – Net rental growth – Reversionary discount rate – Costs to complete	The estimated fair value would increase (decrease) if: – Expected market rental growth were higher (lower) – The occupancy rate were higher (lower) – The reversionary discount rate were lower (higher) – The risk adjusted discount rate were lower (higher) – The costs to complete were lower (higher) – Completion dates were earlier (later)
	Cost less impairment: Costs directly associated with the construction of investment property are capitalised. An impairment review is performed to the extent that there are indicators of impairment. As fair value cannot be reliably determined cost is the best indication of fair value.	– Capitalised costs – Impairment	The estimated fair value would increase (decrease) if: – Impairment were lower (higher)

Income-generating investment property held at 31 December 2015 and the New Waverley development in Edinburgh continue to be held at their 30 June 2015 fair value for which a sensitivity analysis is available in the group's integrated annual report 2015. Development properties are carried at capitalised cost less impairment, which is determined to be the best estimate of fair value therefore a sensitivity analysis is not applicable.

9. Investments

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

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Non-current			
Karoo Fund	—	64 098 804	—
Sirius	15 910 475	11 053 629	12 346 864
	15 910 475	**75 152 433**	**12 346 864**
Current			
Karoo Fund	34 322 404	—	67 221 894
	34 322 404	**—**	**67 221 894**
	50 232 879	**75 152 433**	**79 568 758**

Investments are classified as fair value through profit or loss ("FVTPL"). Accordingly they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss. These investments have been classified as FVTPL because the contractual terms of the financial assets do not give rise to cash flows that are solely payments of principal and interest on the amount outstanding.

On 1 September 2015 the Sirius shares held as treasury investments of €2 871 591 were transferred to the investments portfolio as management intends to hold the shares for the longer term rather than as a short term treasury investment. The Sirius investment has been fair valued at 31 December 2015 and a gain of €715 270 (December 2014: €1 263 564; June 2015: €1 134 917) was recognised in fair value adjustments in profit or loss.

The Karoo fund is classified as FVTPL. On 28 August 2015 and 26 October 2015 the Karoo Fund compulsorily redeemed a portion of the investment amounting to €12 410 441 and €25 388 994 respectively. At 31 December 2015 the investment was fair valued to €34 322 404 (December 2014: €64 098 804; June 2015: €67 221 894) and a gain of €7 076 240 (December 2014: €40 130 514; June 2015: €45 651 311) was recognised in fair value adjustments in profit or loss. As at 31 December 2015 a liability of €29 112 780 (December 2014: €20 612 124; June 2015: €26 378 571) is due to Attacq when the investment in the Karoo Fund is realised, see note 14. On 31 January 2016 the group's remaining shares in the Karoo Fund were redeemed, see note 19.

Reconciliation of investments

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Opening balance	**79 568 758**	**35 743 617**	**35 743 617**
Reclassification from treasury investments (note 11)	2 871 591	—	—
Acquisition	—	10 178 432	10 178 432
Redemption	(37 799 435)	(11 796 176)	(20 214 050)
Fair value movement (note 5)	7 791 510	41 394 078	46 786 228
Foreign exchange movement in OCI	(2 199 545)	(367 518)	7 074 531
Closing balance	**50 232 879**	**75 152 433**	**79 568 758**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

9. Investments (continued)

Fair value hierarchy

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

As at 31 December 2015		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Karoo Fund	34 322 404	–	34 322 404	–
Sirius	15 910 475	15 910 475	–	–
	50 232 879	**15 910 475**	**34 322 404**	**–**

As at 31 December 2014		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Karoo Fund	64 098 804	–	64 098 804	–
Sirius	11 053 629	11 053 629	–	–
	75 152 433	**11 053 629**	**64 098 804**	**–**

As at 30 June 2015 (audited)		**Fair value**		
Euro	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Karoo Fund	67 221 894	–	67 221 894	–
Sirius	12 346 864	12 346 864	–	–
	79 568 758	**12 346 864**	**67 221 894**	**–**

Valuation techniques and unobservable inputs

The shares in the Karoo Fund are not listed in an active market, however, all inputs into the Karoo Fund's NAV valuation are observable as the underlying investments are listed, with the exception of a convertible debenture that is not significant to the fair valuation. As such level 2 in the fair value hierarchy is considered to be appropriate.

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

As at 31 December 2015, 31 December 2014 and 30 June 2015

Level 2

Investments	**Valuation technique**	**Inputs**	**Inter-relationship between inputs and fair value measurement**
Karoo Fund	Fair value is based on the fund's reported net asset value ("NAV"). The NAV of the fund is valued by the fund's investment manager as follows: – Investments in equities by the Karoo Fund are valued at quoted prices in active markets – Where there is not an active market, fair value is based on broker quotes on similar contracts that are traded in an active market and the quotes reflect the actual transactions in similar instruments	NAV per share: 31 December 2015 – €2 236 31 December 2014 – €1 730 30 June 2015 – €2 067 All inputs used by the fund's investment manager in determining the fund's NAV are observable with the exception of a convertible debenture that is not significant to the input for fair valuation	The estimated fair value would increase (decrease) if: – NAV per share were higher (lower)

10. Short term loans receivable

The carrying amount of the group's short term loans receivables was as follows:

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Attacq	19 056 917	—	—
	19 056 917	**—**	**—**

On 30 November 2015 the group provided a short term loan to Attacq, a related party, see note 17. The group provided €18 920 000 over a term of a maximum of 3 months and a minimum of 1 month with early repayment permitted thereafter without penalty, subject to interest of 8% per annum. The group has taken two forms of security, firstly the amount payable to Attacq under the Karoo transaction of €29 112 780, see note 14; and Attacq's shares in the company owning Nova Aventis (Stenham European Shopping Centre Fund (Guernsey) to the value of €22 931 521). The loan is fully repayable on 29 February 2016.

This short term loan receivable has been classified as a financial asset at amortised cost, accordingly on initial recognition it was recognised at fair value and subsequently measured at amortised cost using the effective interest method. This financial asset has been classified as amortised cost because the objective is to hold and to collect contractual cash flows that are solely payments of principle and interest on the amount outstanding.

The carrying amount of the Attacq short term loan receivable is a reasonable approximation of its fair value.

11. Treasury investments

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

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Sirius	—	—	2 556 524
Other	—	31 933 437	48 455
	—	**31 933 437**	**2 604 979**

During the period the Sirius investment of €2 871 591 was reclassified to investments as it is managements' intention to hold the investment for the longer term rather than as a short term treasury investment.

Reconciliation of treasury investments

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Opening balance	**2 604 979**	—	—
Investment	—	30 000 000	30 000 000
Fees	(42 537)	86 419	—
Redemption	—	—	(31 696 715)
Fair value movement (note 5)	309 149	1 847 018	4 301 694
Reclassification to investments (note 9)	(2 871 591)	—	—
Closing balance	**—**	**31 933 437**	**2 604 979**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

12. Assets held for sale

The carrying amount of the group's asset held for sale was as follows:

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Opening balance	—	—	—
Reclassification from investment property (note 8)	2 043 750	—	—
Closing balance	**2 043 750**	—	—

On 22 December 2015 the group exchanged contracts to sell Sauchiehall Street for £1 500 000 (approx. €2 043 750). On 22 January 2016 the group completed on the sale of Sauchiehall Street, see note 19.

Measurement of fair values

Fair value hierarchy

The fair value measurement of all the group's asset 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 investments in the fair value hierarchy:

As at 31 December 2015		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
Sauchiehall Street investment property	2 043 750	—	—	2 043 750
	2 043 750	**—**	**—**	**2 043 750**

Valuation technique and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs	Inter-relation between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth 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.	- Risk adjusted discount rates - Market rent - Net rental growth - Reversionary discount rate	The estimated fair value would increase (decrease) if: - Expected market rental growth were higher (lower) - The occupancy rate were higher (lower) - The reversionary discount rate were lower (higher) - The risk adjusted discount rate were lower (higher)

13. Share capital

The ordinary share capital of the company has no par value and in addition the company has unlimited authorised share capital as it is incorporated in the British Virgin Islands as a BVI Business company.

	Number of shares	Share capital Euro
Balance at 1 July 2014 (audited)	**279 483 999**	**289 978 080**
Issued during the period		
– Acquisition of MAS Property Advisors Limited	9 751 326	12 489 097
– Scrip distributions	1 367 283	1 693 902
Balance at 31 December 2014	**290 602 608**	**304 161 079**
Issued during the period		
– Scrip distributions	1 185 281	1 510 913
Balance at 30 June 2015 (audited)	**291 787 889**	**305 671 992**
Issued during the period		
– Scrip distributions	2 667 741	3 241 805
Balance at 31 December 2015	**294 455 630**	**308 913 797**

During the period the group incurred nil (December 2014: €10 903; June 2015: €13 029) expenses in relation to issuing shares. Prior period amounts were offset against share capital.

14. Financial instruments

The carrying amounts of the group's financial instruments were as follows:

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Non-current			
Derivative financial instruments	2 592 709	2 564 315	2 603 535
Financial liabilities	3 820 803	20 612 124	3 941 947
	6 413 512	**23 176 439**	**6 545 482**
Current			
Financial liabilities	32 886 514	–	26 378 571
	32 886 514	**–**	**26 378 571**
	39 300 026	**23 176 439**	**32 924 053**

Derivative financial instruments

Derivative financial instruments comprise level 2 interest rate swaps, for which further information is available in the group's integrated annual report 2015.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

14. Financial instruments (continued)

Financial liabilities

The group's financial liabilities comprise:

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
Non-current			
Development management fee	1 528 321	–	1 576 779
Priority participating profit dividend	2 292 482	–	2 365 168
Attacq financial liability	–	20 612 124	–
	3 820 803	**20 612 124**	**3 941 947**
Current			
Santon Developments plc ("Santon") financial liability	3 773 734	–	–
Attacq financial liability	29 112 780	–	26 378 571
	32 886 514	**–**	**26 378 571**
	36 707 317	**20 612 124**	**30 320 518**

Santon financial liability

The group entered into a revenue sharing agreement with Santon, the terms of which require the group to pay Santon £2 750 000 (approx. €3 773 734) on receipt of implementable planning. On 10 December 2015 The South Downs National Park Authority's planning committee approved in principle the plans to develop the North Street Quarter development in Lewes.

Final written permission will be granted subject to section 106 planning conditions being met.

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

Reconciliation of financial liabilities:

Euro	Attacq financial liability	Santon financial liability	Development management fee	Priority participating profit dividend	Total
Balance at 1 July 2014 (audited)	**–**	**–**	**–**	**–**	**–**
Fair value adjustment (note 5)	20 764 689	–	–	–	**20 764 689**
Foreign exchange movement in OCI	(152 565)	–	–	–	**(152 565)**
Balance at 31 December 2014	**20 612 124**	**–**	**–**	**–**	**20 612 124**
Fair value adjustment (note 5)	4 131 412	–	1 488 165	2 232 246	**7 851 823**
Foreign exchange movement in OCI	1 635 035	–	88 614	132 922	**1 856 571**
Balance at 30 June 2015 (audited)	**26 378 571**	**–**	**1 576 779**	**2 365 168**	**30 320 518**
Assumed on grant of planning permission	–	3 773 734	–	–	**3 773 734**
Fair value adjustment (note 5)	3 601 074	–	–	–	**3 601 074**
Foreign exchange movement in OCI	(866 865)	–	(48 458)	(72 686)	**(988 009)**
Balance at 31 December 2015	**29 112 780**	**3 773 734**	**1 528 321**	**2 292 482**	**36 707 317**

On 31 January 2016 the group's remaining shares in the Karoo Fund were redeemed. In accordance with the purchase agreement of the Karoo Fund, Attacq is entitled to a contingent adjustment in the consideration paid to the group. The contingent adjustment is share based and will result in shares being issued to Attacq, see note 19.

Measurement of fair values

Fair value hierarchy

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

As at 31 December 2015		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
Development management fee	1 528 321	–	–	1 528 321
Priority participating profit dividend	2 292 482	–	–	2 292 482
Santon financial liability	3 773 734	–	–	3 773 734
Attacq financial liability	29 112 780	–	29 112 780	–
	36 707 317	**–**	**29 112 780**	**7 594 537**

As at 31 December 2014		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
Attacq financial liability	20 612 124	–	20 612 124	–
	20 612 124	**–**	**20 612 124**	**–**

As at 30 June 2015 (audited)		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
Development management fee	1 576 779	–	–	1 576 779
Priority participating profit dividend	2 365 168	–	–	2 365 168
Attacq financial liability	26 378 571	–	26 378 571	–
	30 320 518	**–**	**26 378 571**	**3 941 947**

Valuation techniques and unobservable inputs

The following table shows the valuation technique used to measure investments held at fair value as well as the inputs used for level 2 and significant unobservable inputs for level 3 financial liabilities:

As at 31 December 2015 and 30 June 2015

Level 3 financial liability	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Development management fee and Priority participating profit dividend	*Discounted cash flows:* Fair value is based on the profitability of the New Waverley development. See note 8 for the valuation technique in respect of New Waverley.	– Net rental growth – Reversionary discount rate – Risk adjusted discount rates – Cost to complete – Market rent	The estimated fair value would increase (decrease) if: – Expected net rental growth was higher (lower) – The reversionary discount rate were lower (higher) – The risk adjusted discount rate were lower (higher) – The costs to complete were lower (higher) – Market rent now higher (lower)

As at 31 December 2015

Level 3 financial liability	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Santon financial liability	*Discounted cashflows:* Fair value is based on the contractual liability.	– Risk adjusted discount rate – Contractual liability	The estimated fair value would increase (decrease) if: – The risk adjusted discount rate was lower (higher) – The contractual liability was higher (lower)

The New Waverly development continues to be held at its 30 June 2015 fair value and therefore there has been no change to the fair value of either the development management fee or priority participating profit dividend, for both of which a sensitivity analysis is available in the group's integrated annual report 2015.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

14. Financial instruments (continued)

As at 31 December 2015, 31 December 2014 and 30 June 2015

Level 2 financial liability	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Attacq financial liability	Fair value is based on the fund's reported net asset value ("NAV"). The NAV of the fund is valued by the fund's investment manager as follows: – Investments in equities by the Karoo Fund are valued at quoted prices in active markets – Where there is not an active market, fair value is based on broker quotes on similar contracts that are traded in an active market and the quotes reflect the actual transactions in similar instruments	NAV per share 31 December 2015 – €2 236 31 December 2014 – €1 730 30 June 2015 – €2 067 All inputs used by the fund's investment manager in determining the fund's NAV are observable with the exception of a convertible debenture that is not significant to the input for fair valuation.	The estimated fair value would increase (decrease) if: – NAV per share were higher (lower)

15. Operating segments

The group has the following four strategic divisions identified as reportable segments:

Reportable segment	Description
Income-generating property	Consists of all the income-generating investment property in the portfolio.
Development property	Consists of development property namely the New Waverley development in Edinburgh, North Street Quarter development in Lewes and the Langley development in Chippenham.
Investments	Consists of the holding in the Karoo Fund and Sirius.
Corporate and treasury	Consists of all of the cash holdings outside of the other reporting segments, treasury investments and goodwill.

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

31 December 2015

Euro	Income-generating property	Development property	Investments	Corporate and treasury	Total
Statement of comprehensive income					
External revenue	7 072 154	253 398	—	102 549	**7 428 101**
Inter-segment revenue	—	—	—	—	**—**
Segment profit/(loss) before tax	3 180 957	(64 481)	5 828 941	(6 953 961)	**1 991 456**
Interest income	42	43	183 583	135 045	**318 713**
Interest cost	(303 529)	—	—	—	**(303 529)**
Depreciation	—	—	—	(2 990)	**(2 990)**
Other material non-cash items					
– Fair value adjustments	(2 121 548)	—	5 033 132	(533 546)	**2 378 038**
– Exchange differences	(527)	—	612 226	(3 665 375)	**(3 053 676)**
Statement of financial position					
Segment non-current assets	170 820 084	105 441 326	15 910 475	27 092 405	**319 264 290**
Segment current assets	15 763 799	1 507 903	34 322 404	40 944 889	**92 538 995**
Segment non-current liabilities	18 242 964	3 820 803	—	—	**22 063 767**
Segment current liabilities	6 459 982	5 164 232	29 112 780	593 955	**41 330 949**

31 December 2014

Euro	Income-generating property	Development property	Investments	Corporate and treasury	Total
Statement of comprehensive income					
External revenue	2 445 959	179 099	—	—	**2 625 058**
Inter-segment revenue	—	—	—	—	**—**
Segment (loss)/profit before tax	(3 854 352)	(900 100)	20 416 052	3 089 275	**18 750 875**
Interest income	35	23	—	146 442	**146 500**
Interest cost	(276 486)	(4 794)	—	—	**(281 280)**
Depreciation	—	—	—	(13 646)	**(13 646)**
Other material non-cash items					
– Fair value adjustments	(5 340 140)	(839 576)	20 629 389	1 847 018	**16 296 691**
– Exchange differences	45 295	59 219	—	2 438 997	**2 543 511**
Statement of financial position					
Segment non-current assets	103 446 288	52 380 369	75 152 433	25 048 040	**256 027 130**
Segment current assets	1 653 468	447 495	—	103 237 055	**105 338 018**
Segment non-current liabilities	17 262 852	—	20 612 124	—	**37 874 976**
Segment current liabilities	4 158 558	72 237	—	119 209	**4 350 004**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

15. Operating segments (continued)

30 June 2015 (audited)

Euro	Income-generating property	Development property	Investments	Corporate and treasury	Total
Statement of comprehensive income					
External revenue	8 885 744	437 412	–	–	**9 323 156**
Inter-segment revenue	–	–	–	–	**–**
Segment (loss)/profit before tax	(3 559 523)	11 113 166	26 749 365	14 271 088	**48 574 096**
Interest income	90	47	–	4 539	**4 676**
Interest cost	(576 350)	(5 024)	–	–	**(581 374)**
Depreciation	–	–	–	(18 884)	**(18 884)**
Other material non-cash items					
– Fair value adjustments	(9 475 685)	11 161 228	21 890 127	4 301 694	**27 877 364**
– Exchange differences	2 771	–	5 043 582	12 613 942	**17 660 295**
Statement of financial position					
Segment non-current assets	165 127 532	85 730 472	12 346 864	27 784 092	**290 988 960**
Segment current assets	9 918 844	1 149 173	67 221 894	41 176 540	**119 466 451**
Segment non-current liabilities	18 526 950	3 941 947	–	–	**22 468 897**
Segment current liabilities	5 405 117	2 637 785	26 378 571	424 443	**34 845 916**

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

Geographical information

The group invests in investment property in Western Europe. The geographical information below analyses the group's revenue and non-current assets by the company's country of domicile and the jurisdiction in which the underlying assets are held: UK, Germany and Switzerland.

Revenue

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
BVI	–	–	–
UK	2 584 456	923 739	3 336 893
Germany	4 220 335	1 153 790	4 806 043
Switzerland	623 310	547 529	1 180 220
	7 428 101	**2 625 058**	**9 323 156**

Non-current assets

Euro	As at 31 December 2015	As at 31 December 2014	Audited As at 30 June 2015
BVI	–	–	–
UK	184 903 550	191 166 246	166 275 302
Germany	114 038 482	46 122 248	103 567 015
Switzerland	20 322 258	18 738 636	21 146 643
	319 264 290	**256 027 130**	**290 988 960**

16. Earnings per share and diluted earnings per share

Basic and diluted earnings per share

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

Profit attributable to ordinary shareholders

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Profit for the year attributable to the owners of the group	1 346 657	19 124 739	48 474 908
	1 346 657	**19 124 739**	**48 474 908**

Weighted-average number of ordinary shares

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Issued ordinary shares at 1 July (audited)	**291 787 889**	**279 483 999**	**279 483 999**
Effect of shares issued related to business combinations	—	1 971 580	6 911 654
Effect of shares issued for scrip distributions	728 891	2 430 297	872 468
Weighted-average number of ordinary shares	**292 516 780**	**283 885 876**	**287 268 121**

Basic and diluted earnings per share

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Profit attributable to ordinary shareholders	1 346 657	19 124 739	48 474 908
Weighted-average number of ordinary shares	292 516 780	283 885 876	287 268 121
Basic and diluted earnings per share (euro cents)	**0,46**	**6,74**	**16,87**

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

Adjusted core income and adjusted core income per share

Euro	Six-month period ended 31 December 2015	Six-month period ended 31 December 2014	Audited Year ended 30 June 2015
Profit for the year attributable to the owners of the group	**1 346 657**	**19 124 739**	**48 474 908**
Adjusted for:			
Fair value adjustments	(2 378 038)	(16 296 691)	(27 877 364)
Previously recognised held to maturity unwind	—	774 410	—
Exchange differences	3 053 676	(2 543 511)	(17 660 295)
Capital raising fees and structure costs	174 809	375 450	504 581
Deferred taxation	142 521	(526 128)	(272 259)
Realised profits on the Karoo Fund redemptions	4 355 077	2 433 970	4 921 557
Realised profits on treasury portfolio	—	—	1 696 715
Adjusted core income	**6 694 702**	**3 342 239**	**9 787 843**
Weighted-average number of ordinary shares	292 516 780	283 885 876	287 268 121
Adjusted core income per share (euro cents)	2,29	1,18	3,41

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

16. Earnings per share and diluted earnings per share (continued)

Headline earnings per share
The group has applied the new Circular 2/2015 (the "Circular") as issued by the JSE and South African Institute of Chartered Accountants. The Circular requires retrospective application, accordingly the group has applied the Circular to the previously reported headline earnings and headline earnings per share and noted no changes to the previously reported figures.

The headline earnings and headline earnings per share is as follows:

	Six-month period ended 31 December 2015	
Euro	**Gross**	**Net**
Profit for the period	1 346 657	1 346 657
Adjusted for:		
Revaluation of investment property	2 074 710	1 833 424
Headline earnings	**3 421 367**	**3 180 081**
Weighted-average number of ordinary shares	292 516 780	292 516 780
Headline earnings per share (euro cents)	1,17	1,09

	Six-month period ended 31 December 2014	
Euro	**Gross**	**Net**
Profit for the period	19 124 739	19 124 739
Adjusted for:		
Revaluation of investment property	5 732 013	5 002 709
Headline earnings	**24 856 752**	**24 127 448**
Weighted-average number of ordinary shares	283 885 876	283 885 876
Headline earnings per share (euro cents)	8,76	8,50

	Audited Year ended 30 June 2015	
Euro	**Gross**	**Net**
Profit for the period	48 474 908	48 474 908
Adjusted for:		
Revaluation of investment property	(5 718 442)	(6 759 124)
Headline earnings	42 756 466	41 715 784
Weighted-average number of ordinary shares	287 268 121	287 268 121
Headline earnings per share (euro cents)	14,88	14,52

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, to be in accordance with the requirements of IAS 33 – Earnings per Share. Disclosure of headline earnings is not a requirement of IFRS. 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 adjusted core income.

17. 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 transactions

MAS Property Advisors Limited ("MAS Prop")

MAS Prop is a real estate advisory company and is a 100% owned subsidiary of the group. All intra-group transactions and outstanding balances between MAS Prop and other subsidiaries in the group are eliminated on consolidation. Prior to 15 October 2014 in the previous reporting period, MAS Prop was owned by a group of investors of which Lukas Nakos and Malcolm Levy, the chief executive officer and chief financial officer of the group respectively, had significant influence.

Prior to the group's acquisition of MAS Prop the group incurred investment advisory fees and on-charged staff costs of €1 710 399 (December 2014) and €1 372 564 (June 2015), and transaction fees of €332 018 (December 2014), and €352 500 (June 2015). Transaction fees were capitalised within investment property. All fees were charged to the group in accordance with the investment advisory agreement and were on an arm's length basis.

Artisan Real Estate Investors Limited ("Artisan")

Artisan is a real estate management company and is owned by a group of investors of which Lukas Nakos and Malcolm Levy, the chief executive officer and chief financial officer of the group respectively have significant influence.

New Waverley Advisers Limited ("NW Advisers")

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

During the period NW Advisers on-charged expenses in relation to the development of New Waverley which amounted to €17 790 498 (December 2014: €8 228 735; June 2015: €19 605 967). These have been capitalised as part of the New Waverley development within investment property. On-charges were charged to the group in accordance with the development management agreement and were on an arm's length basis.

Corona Real Estate Partners Limited ("Corona")

Corona is a real estate management company with six staff members, and is owned 100% by Jonathan Knight who is the Chief Investment Officer of the group.

During the period the group used the professional services of Corona and incurred expenses of €464 726 (December 2014: €104 590; June 2015: €331 218), which were charged to the group on an arm's length basis. At the end of the reporting period nil (December 2014: nil; June 2015: €37 251) was owed to Corona. Professional services fees are expensed in the profit or loss within Administrative expenses.

Attacq

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

On 30 November 2015 the group entered into a short-term loan agreement with Attacq for €18 920 000 which has carrying amount of €19 056 917 as at 31 December 2015, see note 10.

The group purchased the Karoo Fund from Attacq in 2013 for an all share consideration of €34 199 731, see note 9. Under the purchase agreement of the Karoo Fund Attacq is entitled to a contingent adjustment (the "Adjustment") in the consideration paid to it by the group. This contingent adjustment is dependent upon the value at which the Karoo Fund redeems. The contingent payment will be share-based and would amount to €29 112 780 (December 2014: €20 612 124; June 2015: €26 378 571), see note 14, if the current reported net asset value were to be realised. On 31 January 2016 the group's remaining shares in the Karoo Fund were redeemed, see note 19.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

17. Related parties (continued)

Other related party transactions

Euro	Income/(expenses) for the period/year ended 31 December 2015	Income/(expenses) for the period/year ended 31 December 2014	Income/(expenses) for the period/year ended Audited 30 June 2015	Capitalised for the period/year ended 31 December 2015	Capitalised for the period/year ended 31 December 2014	Capitalised for the period/year ended Audited 30 June 2015	Balances receivable/(payable) as at 31 December 2015	Balances receivable/(payable) as at 31 December 2014	Balances receivable/(payable) as at Audited 30 June 2015
MAS Property Advisors Limited									
– Investment adviser fee	–	(1 248 330)	(1 249 295)	–	–	–	–	–	–
– Transaction fee	–	–	–	–	332 018	352 500	–	–	–
– Oncharged staff costs	–	(462 069)	(123 269)	–	–	–	–	–	–
	–	**(1 710 399)**	**(1 372 564)**	**–**	**332 018**	**352 500**	**–**	**–**	**–**
New Waverley Advisers Limited									
– Oncharged development costs	–	–	–	17 790 498	8 228 735	19 605 967	(127 164)	–	33 432
– Development management fee (note 14) [1]	–	–	(1 488 165)	–	–	–	(1 528 321)	–	(1 576 779)
	–	**–**	**(1 488 165)**	**17 790 498**	**8 228 735**	**19 605 967**	**(1 655 485)**	**–**	**(1 543 347)**
New Waverley Holdings Limited									
– Development profit participation fee (note 14)	–	–	(2 232 246)	–	–	–	(2 292 482)	–	(2 365 168)
	–	**–**	**(2 232 246)**	**–**	**–**	**–**	**(2 292 482)**	**–**	**(2 365 168)**
Corona Real Estate Partners Limited									
– Legal and professional expenses	(464 726)	(104 590)	(331 218)	–	–	–	–	–	37 251
	(464 726)	**(104 590)**	**(331 218)**	**–**	**–**	**–**	**–**	**–**	**37 251**
Attacq									
– Karoo Fund financial liability (note 14)	(3 601 074)	–	(24 896 102)	–	–	–	(29 112 780)	(20 612 124)	(26 378 571)
– Related party loan (note 10)	134 803	–	–	–	–	–	19 056 917	–	–
	(3 466 271)	**–**	**(24 896 102)**	**–**	**–**	**–**	**(10 055 863)**	**(20 612 124)**	**(26 378 571)**
Artisan Real Estate Investors Limited									
– Oncharged administrative expenses	(30 120)	(20 639)	6 435	–	–	–	7 494	(11 812)	12 737
	(30 120)	**(20 639)**	**6 435**	**–**	**–**	**–**	**7 494**	**(11 812)**	**12 737**
	(3 961 117)	**(1 835 628)**	**(30 313 860)**	**17 790 498**	**8 560 753**	**19 958 467**	**(13 996 336)**	**(20 623 936)**	**(30 237 098)**

All related party balances (except Attacq, see notes 10 and 14) are unsecured and are repayable on demand.

1 Movements between opening and closing receivable/(payable) and the corresponding income/(expense) relate to foreign exchange movements recognised in other comprehensive income.

Transactions with key management

Six-months ended 31 December 2015

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Total
Lukas Nakos*	CEO	110 728	—	166 092	166 092	**442 912**
Malcolm Levy*	CFO	103 808	—	155 711	155 711	**415 230**
Jonathan Knight*	CIO	41 523	—	77 856	77 856	**197 235**
Ron Spencer	Chairman	15 000	—	—	—	**15 000**
Gideon Oosthuizen	NED	13 750	—	—	—	**13 750**
Jaco Jansen	NED	13 750	—	—	—	**13 750**
Morne Wilken	NED	10 000	—	—	—	**10 000**
Pierre Goosen	NED	10 000	—	—	—	**10 000**
		318 559	**—**	**399 659**	**399 659**	**1 117 877**

* Payments, which are made in sterling, are converted to euros at the average rate of 1,3841

As the group has not yet implemented a formal incentive scheme, on 17 November 2015 the Remuneration Committee approved two incentives for the executive directors. In line with the remuneration policy, these incentives aim to align the interests of the executive directors, motivate the achievement of superior performance in line with the group's strategic objectives, and retain talent. The incentives reward the executive directors for services and performance achieved in the 14½ month period from 15 October 2014 to 31 December 2015.

The first incentive is a short term incentive ("STI") to the value of €399 659. The STI rewards past performance and is paid in cash. Half of it was paid in December 2015 with the balance due in June 2016.

The second incentive is a long term incentive ("LTI") to the value of €399 659. The LTI rewards past performance and was paid in cash in December 2015. The terms of the LTI required that the after tax benefit received by the directors be invested in MAS shares, acquired in the open market. Such shares were acquired in December 2015. There are no vesting conditions, nor any requirement for the directors to sell the shares should they not be employed by the group. However, there are restrictions on disposal until 2017

Both the STI and LTI schemes have been recognised as an employment benefit in the reporting period in which they have been approved by the Remuneration Committee.

Six-months ended 31 December 2014

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Total
Lukas Nakos	CEO	43 625	—	—	—	**43 625**
Malcolm Levy[a]	CFO	65 788	—	—	—	**65 788**
Jonathan Knight	CIO	16 363	—	—	—	**16 363**
Ron Spencer	Chairman	9 500	—	—	—	**9 500**
Gideon Oosthuizen	NED	9 500	—	—	—	**9 500**
Jaco Jansen	NED	9 500	—	—	—	**9 500**
Morne Wilken	NED	4 008	—	—	—	**4 008**
Pierre Goosen	NED	4 008	—	—	—	**4 008**
		162 292	—	—	—	**162 292**

a. Included in this amount is €24 940 that was paid directly to MAS Property Advisors Limited, the investment advisor.

Year ended 30 June 2015 (audited)

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

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

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 December 2015

18. Commitments

The group entered into contracts for the construction and development of New Waverley. These contracts will give rise to capitalised expenses of £18 691 519 (approx. €25 467 195) over the next year, these expenses will be capitalised as part of the New Waverley development.

On 22 December 2015 the group exchanged conditional contracts to acquire a logistics unit in Germany for €11 800 000.

On 21 December 2015 the group entered into three loan agreements with Victoria Lebensversicherung AG ("the Lender") for a combined facility of €30 550 000. The three loan agreements were: €16 895 000 13 year all-in interest rate of 2,49% p.a; €5 770 000 13 year all-in interest rate of 2,49% p.a; and €7 885 000 11 year all-in interest rate of 2,32% p.a. The Lender is entitled to compensation in an amount equal to 2,50% of the undisbursed amount unless at least €30 550 000 has been disbursed by the end of the drawing period being 31 March 2016. On drawdown, as security the Lender has 5 cross-collateralised retail properties in Germany with a fair value of €47 680 000. The group intends to use the debt as general borrowings to fund the acquisition of new investments.

19. Subsequent events

Sale of investment property
On 22 January 2016 the group completed on the sale of Sauchiehall Street for £1 500 000 (approx. €2 043 750).

Karoo Fund and Attacq liability
On 31 January 2016 the group's remaining shares in the Karoo Fund were redeemed. The group received an in-specie redemption of 64 540 371 shares in Sirius and €2 577 304 cash in exchange for €32 411 907 being the group's share of the Karoo Fund's net asset value at 31 January 2016. The final redemption has triggered the settlement of the Attacq financial liability (see note 14), from whom the group acquired the investment, through the issuance of MAS shares. Under the purchase agreement the MAS adjustment shares are issued at a price per share equal to the 30-day volume weighted average price of a MAS share at each point the Karoo Fund is realised. Accordingly, 21 317 449 shares will be issued to Attacq in settlement of the Attacq financial liability, which would have increased Attacq's shareholding in MAS to 48,6% as at the date of this report.

Completion of development property
The group has completed the construction of the two pre-let Whitbred hotel at New Waverley and on 22 February 2016 they were both formally handed over to the tenant.

Shareholder information

For the six months ended 31 December 2015

Registered in the British Virgin Islands	Company number	1750199
Registered as an external company in South Africa	Registration number	2010/000338/10
JSE share code		MSP
SEDOL (XLUX)		B96VLJ5
SEDOL (JSE)		B96TSD2
ISIN		VGG5884M1041
Number of shares in issue as at 31 December 2015		294 455 630

MAS REAL ESTATE INC

MAS