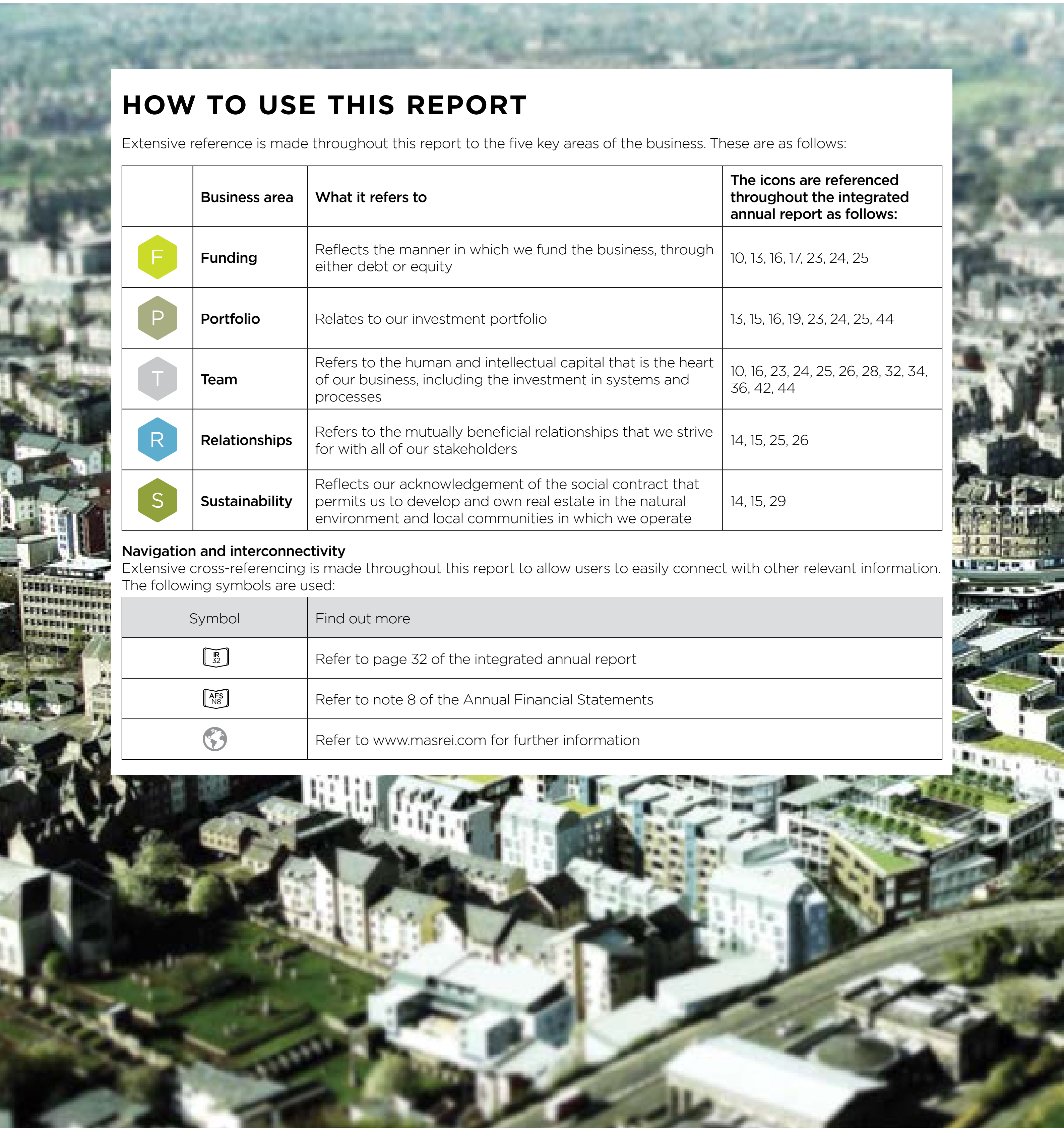
MAS REAL ESTATE INC

Integrated Annual Report 2015



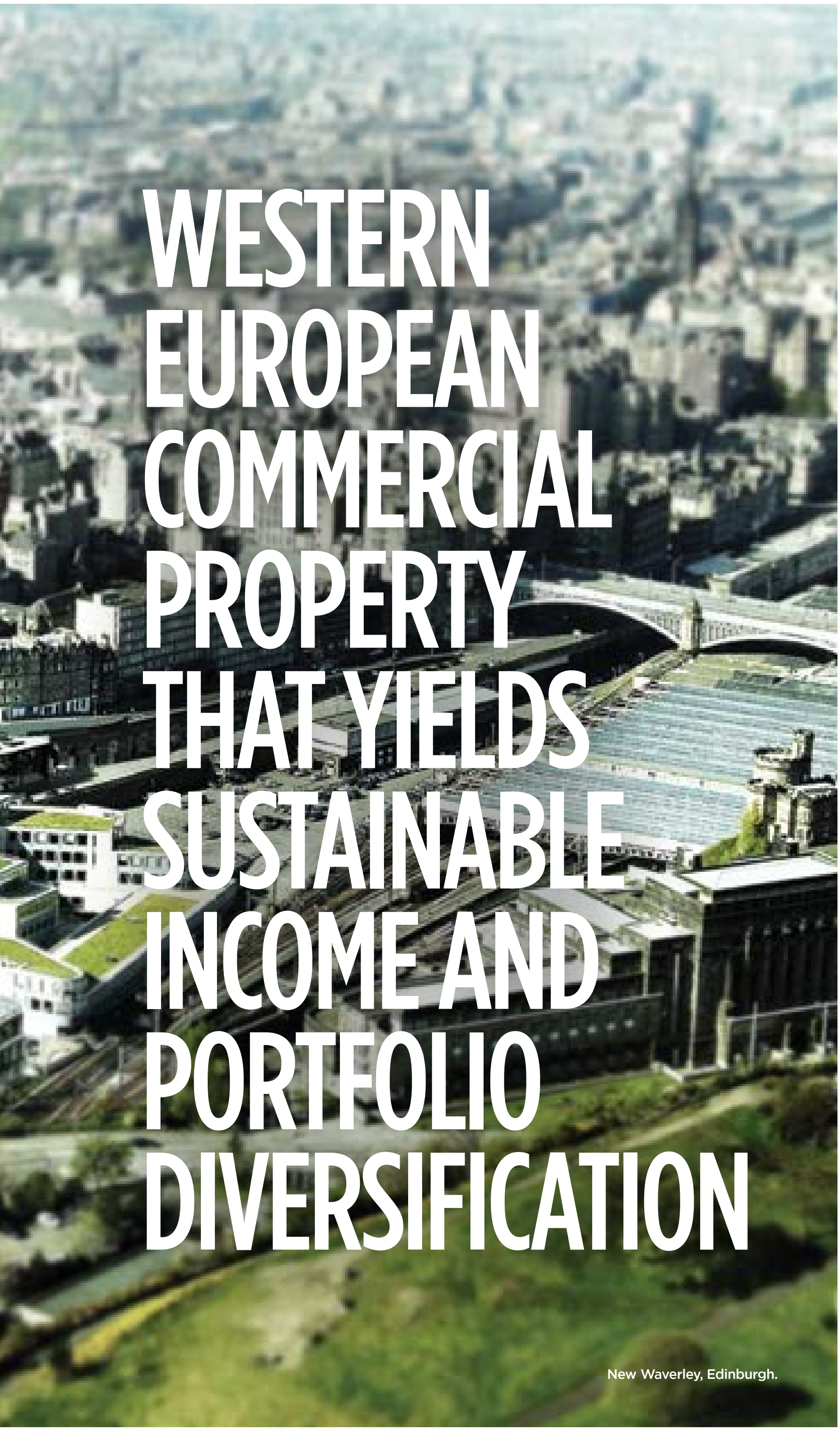
HOW TO USE THIS REPORT

Extensive reference is made throughout this report to the five key areas of the business. These are as follows:

	Business area	What it refers to	The icons are referenced throughout the integrated annual report as follows:
F	**Funding**	Reflects the manner in which we fund the business, through either debt or equity	10, 13, 16, 17, 23, 24, 25
P	**Portfolio**	Relates to our investment portfolio	13, 15, 16, 19, 23, 24, 25, 44
T	**Team**	Refers to the human and intellectual capital that is the heart of our business, including the investment in systems and processes	10, 16, 23, 24, 25, 26, 28, 32, 34, 36, 42, 44
R	**Relationships**	Refers to the mutually beneficial relationships that we strive for with all of our stakeholders	14, 15, 25, 26
S	**Sustainability**	Reflects our acknowledgement of the social contract that permits us to develop and own real estate in the natural environment and local communities in which we operate	14, 15, 29

Navigation and interconnectivity
Extensive cross-referencing is made throughout this report to allow users to easily connect with other relevant information. The following symbols are used:

Symbol	Find out more
IR 32	Refer to page 32 of the integrated annual report
AFS N8	Refer to note 8 of the Annual Financial Statements
	Refer to www.masrei.com for further information



WESTERN EUROPEAN COMMERCIAL PROPERTY THAT YIELDS SUSTAINABLE INCOME AND PORTFOLIO DIVERSIFICATION

New Waverley, Edinburgh.

CONTENTS

BUSINESS

STRATEGY AND VALUE CREATION

CORPORATE GOVERNANCE

ANNUAL FINANCIAL STATEMENTS

INVESTOR INFORMATION

About this report

The report covers the operations of MAS Real Estate Inc. and its subsidiaries (the "group") and has been prepared with reference to the International Integrated Reporting Council <IR> Framework's guiding principles and content elements. In addition, it has been prepared in accordance with and guided by the following reporting framework and regulations:

- The King Report on Corporate Governance (King III)
- The British Virgin Islands ("BVI") Business Companies Act 2004
- The Johannesburg Stock Exchange ("JSE") Listings Requirements
- The Listings Requirements of the Euro-MTF market of the Bourse de Luxembourg ("LuxSE")
- International Financial Reporting Standards as issued by IASB (IFRS).

This is the first integrated annual report prepared by the group and we believe that it is commensurate with its size. We remain committed to continually improving reporting to our stakeholders.

MAS' integrated annual report is a holistic view of its performance, where it is going and how it intends to get there in a sustainable way. By providing a range of financial and non-financial disclosures, this report aims to enable our stakeholders to assess the performance of the group and its ability to create value from its key business areas in the short, medium and long term.

Comparative information

The comparative period is for a 16-month period as a result of the group changing its year end from 28 February to 30 June in the prior year.

Report scope and boundary

This report, presented by the board of directors, covers the year from 1 July 2014 to 30 June 2015.

Determining materiality

The concept of materiality has been used in the preparation of the report to provide information to our stakeholders that is of value or material interest. MAS' definition of materiality has been established by reference to the International Integrated Reporting Council <IR> Framework.

A matter is considered to be material if it could substantively affect the group's business areas and therefore its ability to create value in the short, medium or long term.

Forward-looking statements

This report contains certain forward-looking statements, which statements reflect the group's best expectations of future events. However, given the uncertainty of these future events, it is possible that actual results may materially differ from expectations. Readers are cautioned not to place undue reliance on any forward-looking statements contained within this report. The group disclaims any intention and assumes no obligation to update or revise any forward-looking statements even if new information becomes available as a result of future events or for any other reason other than as required by the LuxSE's rules and regulations or the JSE Listings Requirements.

Assurance

KPMG Audit LLC has independently audited the annual financial statements that are contained within this integrated annual report. Its report can be found on page 51. The scope of the report is limited to the annual financial statements on pages 52 to 102.

The group ensures integrity of the integrated annual report through executive management review of management information, as well as the independent review by the Audit Committee.

Responsibility statement

The board of directors and executive management acknowledge their responsibility to ensure the integrity of the integrated annual report and that they have applied their collective minds to its preparation and presentation. The board of directors confirm that the integrated annual report is prepared and presented in accordance with the International Integrated Reporting Council <IR> Framework.

This report was approved by the board of directors on 10 September 2015.

Ron Spencer
Chairman

Lukas Nakos
CEO

Pierre Goosen

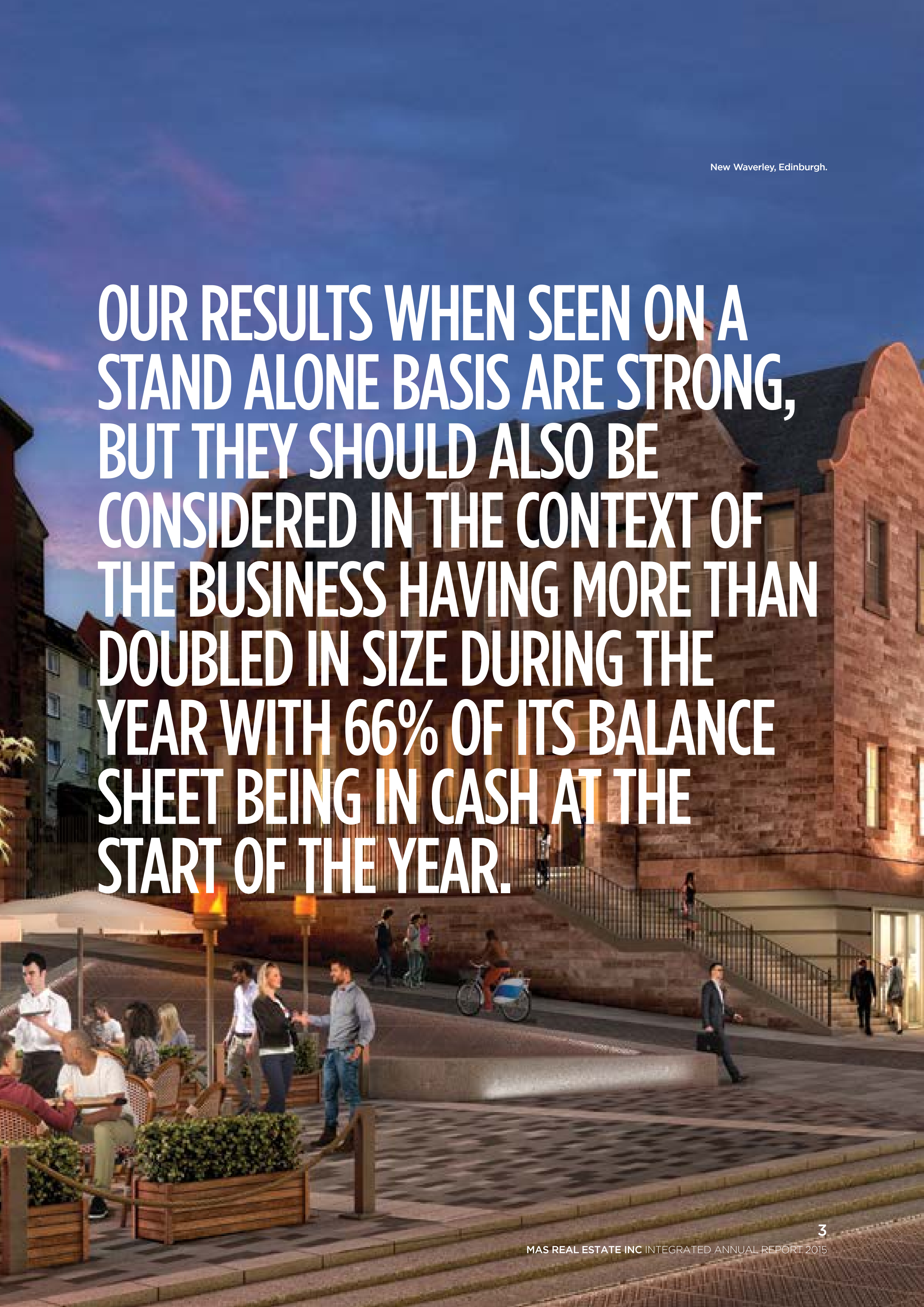
Malcolm Levy

Jaco Jansen

Jonathan Knight

Gideon Oosthuizen

Morné Wilken



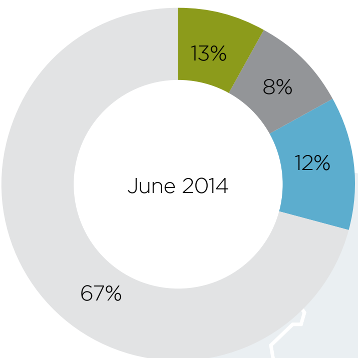
New Waverley, Edinburgh.

OUR RESULTS WHEN SEEN ON A STAND ALONE BASIS ARE STRONG, BUT THEY SHOULD ALSO BE CONSIDERED IN THE CONTEXT OF THE BUSINESS HAVING MORE THAN DOUBLED IN SIZE DURING THE YEAR WITH 66% OF ITS BALANCE SHEET BEING IN CASH AT THE START OF THE YEAR.

Who we are

Portfolio breakdown

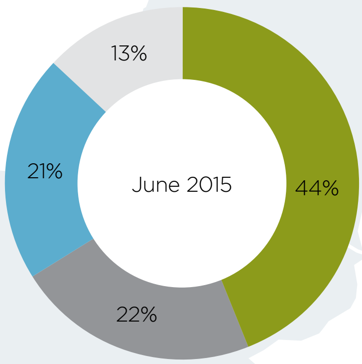
Income-generating property | Investments
Development property | Treasury



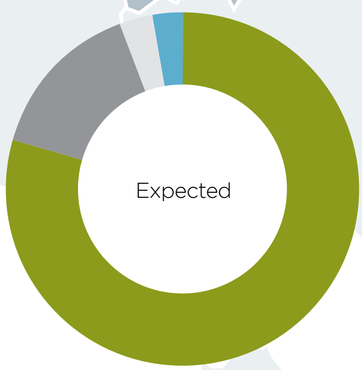
A major capital raise was undertaken in February 2014. A two-step strategy was applied in deployment:

Step 1: Use capital to acquire pipeline assets for cash at good prices

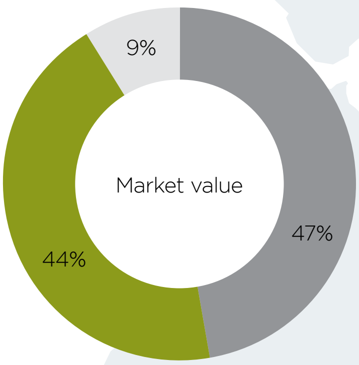
Step 2: Invest proceeds of refinancing on a geared basis

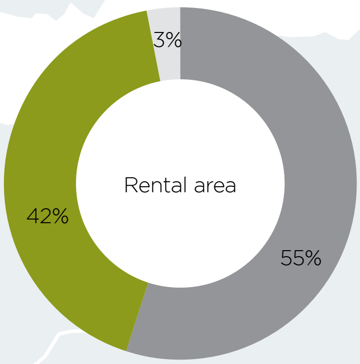


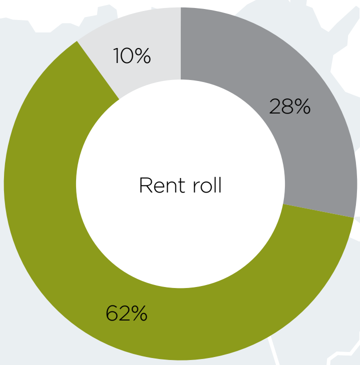
Step 1 is complete in that 100% of the capital has been placed in the portfolio.



Step 2 is in progress in that refinancing of the portfolio for reinvestments in further acquisitions and development expenditure to optimise the portfolio towards high income distribution is now under way.







United Kingdom | Germany | Switzerland

Diversified portfolio

Swiss and German assets are focused on income, UK assets more focused on developments

What we do

ACQUIRE

well tenanted properties in strong and resilient locations

DEVELOP

properties sustainably to maximise the income from, and growth in value of, the investments

MANAGE

our portfolio effectively to maximise the value created by the investments

OPTIMISE

capital structure of the business to enhance shareholder return without undue exposure to excessive risk

Highlights

FUNDING

F

Final distribution of **€6 445 604**, or **2,20 euro cents** per share based on the shares in issue at year end, bringing annual distribution to **3,35 euro cents** per share

ADJUSTED NAV PER SHARE INCREASED **16,8% TO 121,2 EURO CENTS**

PORTFOLIO

P

VALUE OF INCOME-GENERATING PROPERTY

FROM €39,7 MILLION TO **€164,4 MILLION**

TEAM

T

INTERNALISATION OF INVESTMENT ADVISER

NO. OF EMPLOYEES INCREASED TO **TWENTY**

RELATIONSHIPS

R

ENHANCED ACCESS TO DEAL FLOW THROUGH PROVEN ABILITY TO EXECUTE

ANNUAL PROPERTY TOUR FOR STAKEHOLDERS

SUSTAINABILITY

S

GREEN ROOF AND SUSTAINABLE URBAN DRAINAGE AT **NORTH STREET QUARTER**

Timeline

JULY 2014	OCTOBER 2014	DECEMBER 2014	2H FY15	1H FY16	2H FY16	1H FY17
– Acquisition of German pipeline assets # 1	– Internalisation of investment adviser	– Move to the Main Board of the JSE – Acquisition of Chippenham property	– Acquisition of German pipeline assets #2	– Regearing of portfolio and acquisition of pipeline assets	– Completion of Whitbread hotels – Planning application Langley Park – Planning decision North Street Quarter	– Completion of Adagio hotel – Planning decision Langley Park

ADJUSTED CORE INCOME PER SHARE REACHED **3,41 EURO CENTS**

66% GROWTH IN RENTAL INCOME

IMPROVED MEDIAN DAILY SHARE VOLUME TRADED

858% INCREASE IN NET PROFIT TO €48,5 MILLION

VALUE OF DEVELOPMENT PROPERTY FROM €25,1 MILLION TO

€84,1 MILLION

VALUE OF INVESTMENTS FROM €35,7 MILLION TO

€79,6 MILLION

ESTABLISHED AND DISSEMINATED MAS' VALUES

EXTENSIVE COMMUNITY ENGAGEMENT AND INVOLVEMENT ON DEVELOPMENT PROJECTS, SUCH AS ART PROJECT AT **NEW WAVERLEY**

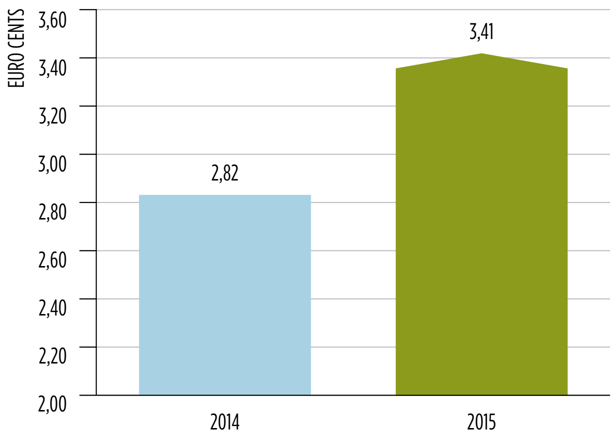
ENVIRONMENTALLY FRIENDLY LANDFILL AT **NEW WAVERLEY**

RESIDENTIAL DEVELOPMENTS ADOPTING PRINCIPLES OF USING "LESS ENERGY FIRST"

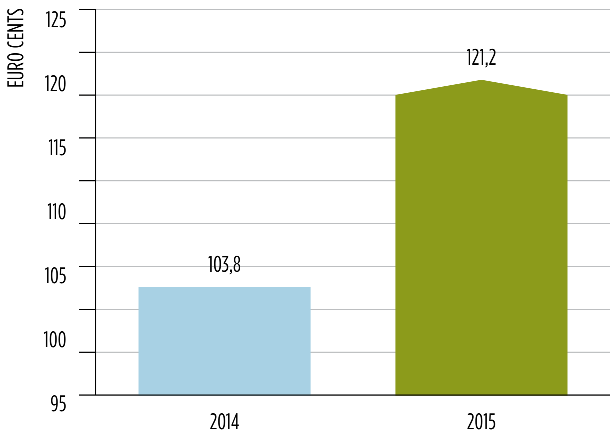
STRONG NAV GROWTH WHILE **INCREASING** INCOME

Key metrics

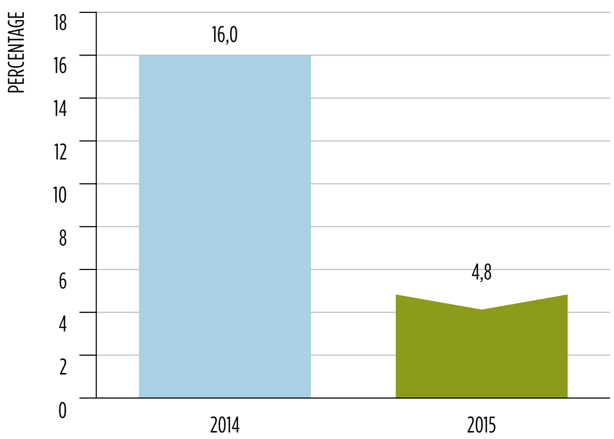
ADJUSTED CORE INCOME PER SHARE



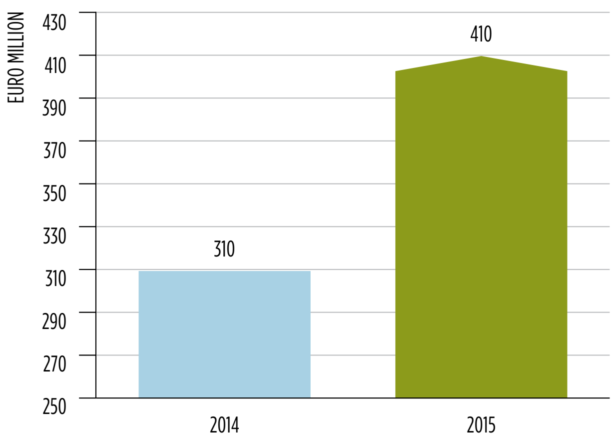
ADJUSTED NAV PER SHARE



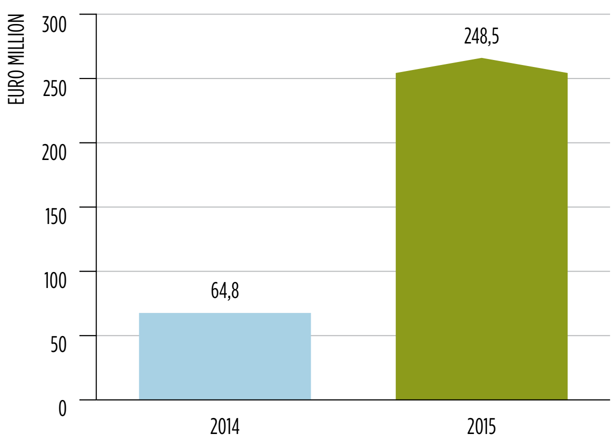
LOAN TO VALUE



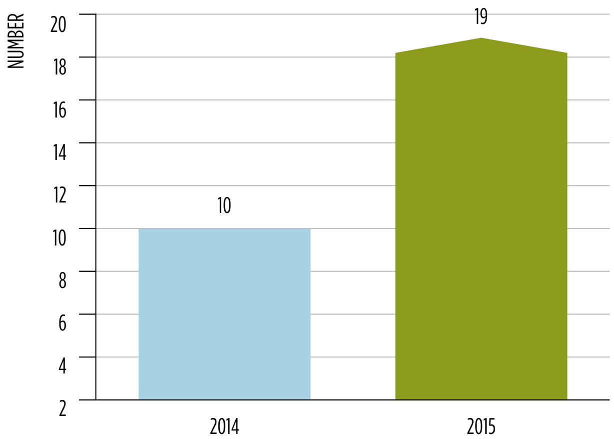
TOTAL ASSETS

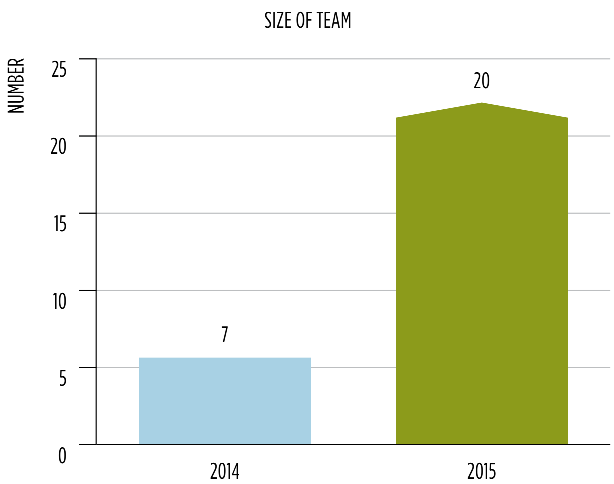


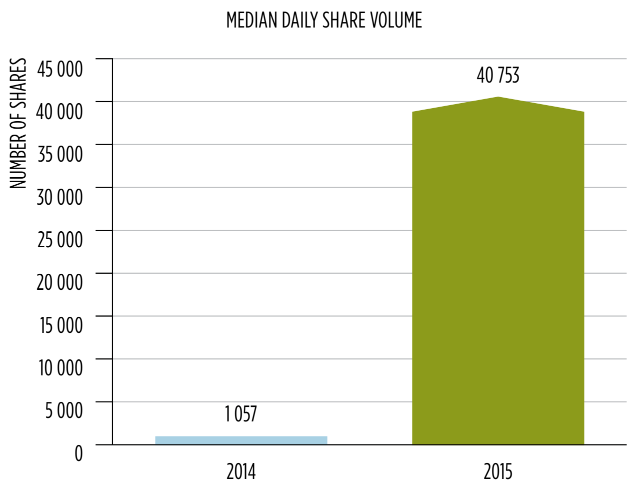
INVESTMENT PROPERTY



PROPERTY LOCATIONS







Our key metrics are defined as follows:

KEY METRICS	OBJECTIVE	EXPLANATION
Financial		
Adjusted core income per share	Income generation	The group's measure of underlying income which includes: operating income as adjusted for listing and structure costs that are eliminated; net finance costs; and normal taxation; and further adjusted for realised profits or losses on investment property, investments and treasury assets 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 and development properties
Property locations	Diversification and optimal asset size	The number of locations in which we own properties
Team		
Size of team	Optimal operational capacity	The number of employees, including group directors, as at the year 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

Chairman's statement

Ron Spencer
Chairman

IT HAS BEEN A HIGHLY SUCCESSFUL YET VERY DEMANDING YEAR IN WHICH THE GROUP HAS EVOLVED AND MATURED QUICKLY. The performance of the group has been outstanding, with adjusted NAV per share increasing by 16,8% to 121,2 euro cents per share, and the final distribution of €6 445 604, or 2,20 euro cents per share based upon the number of shares at year-end. This brings the total annual distribution to 3,35 euro cents per share, from 1,84 euro cents per share in the prior financial year.

Our results when seen on a stand alone basis are strong, but they should also be considered in the context of the business having more than doubled in size during the year with 66% of its balance sheet being in cash at the start of the year. To have achieved such sterling growth during the investment phase is a substantial achievement.

Economic context

Commercial real estate across Europe has been one of the best performing asset classes in recent times. The combined effects of low interest rates; monetary policy stimulation; and returning growth have pushed up valuations markedly. It would appear that cheap money in continental Europe will remain with us at least for the near term, if not substantially longer. The low cost of debt provides a unique opportunity for the group to increase gearing from the current levels, in order to grow income and extract value.

The high liquidity that has returned to the market, however, poses problems. Competition has returned and appears likely to continue. Cash purchasers, and those able to execute quickly, will therefore continue to be favoured in the coming year. The volatile macro-environment places a significant premium on completing acquisitions in a shorter time.

Corporate governance

The board has been boosted in the past year by the appointment of three new members, whom we welcome warmly. The CVs of Morné Wilken, Jonathan Knight and Pierre Goosen appear on pages 32 – 33. I look forward to working with them and drawing on their diverse skills and experience in the time ahead.

The company's were listed on the Euro-MTF market of the Luxembourg stock exchange and the AltX market of the JSE in August 2009. The move to the Main Board of the JSE in December 2014 necessitated changes to various governance structures in the organisation to ensure compliance with the King III Code of Corporate Governance for South Africa. The number of board committees has grown from one to four, with the addition of a risk committee, remuneration committee and a nomination committee. These committees have made impressive progress towards implementing the processes and procedures required of them.

Indices

The strong growth of the group over the past 18 months now brings it close to entering certain indices. Of particular interest is the EPRA Index, prepared by the European Public Real Estate Association, and the J253 South African Listed Property Index. We have some way to go with respect to the liquidity of the traded share before we are accepted, but we are working towards entering these indices in the foreseeable future.

Team

October 2014 saw the internalisation of the investment adviser, on which Java Capital advised the independent members of the board. This transaction enhances the group's human and intellectual capital. While we have seen the immediate benefit of costs having been reduced as a result of the earnings accretive acquisition, the long-term benefits of owning and controlling the intellectual property and human capital must not be under-estimated. I am convinced we shall benefit from this for many years to come.

The group has not yet implemented a variable compensation scheme, but is in the process of finalising a proposal for a geared equity purchase scheme for employees and executive directors. If implemented, this should go a long way towards attracting, motivating and retaining the best talent available.

Management

I would like to conclude by thanking the members of the management team for their hard work. To deliver these results, against the backdrop of enormous change, is a tremendous achievement. I would like to congratulate Lukas Nakos and his team on a job well done.

North Street Quarter, Lewes.

MAS' STRATEGIC PROGRESS AND MOVE TO THE MAIN BOARD OF THE JSE ARE EXTREMELY PLEASING.

Chippenham property, Chippenham.

IT HAS BEEN A GOOD YEAR FOR MAS. SUBSTANTIAL PROGRESS HAS BEEN MADE ON MANY FRONTS IN THE ORGANISATION AND THE RESULTS ARE TESTAMENT TO THE COMBINATION OF TEAM EFFORT AND APPROPRIATE STRATEGY.

CEO's review

IT HAS BEEN A GOOD YEAR FOR MAS. Substantial progress has been made on many fronts in the organisation and the results are testament to the combination of team effort and appropriate strategy.

The key financial metrics of the business for the year are outstanding: adjusted NAV per share has grown from 103,8 euro cents per share to 121,2 euro cents per share, a gain of 16,8% – an encouraging achievement on the back of a group still very much in the investment and build-up phase; adjusted core income per share rose to 3,41 euro cents per share, as the benefits of the property acquisitions begin to be felt; and the portfolio loan to value, excluding treasury, is 4,8%. The low level of gearing leaves the group ready to benefit from gearing and reinvestment into the replenished pipeline.

Strategy

We remain confident in and committed to our business strategy. Our aim is to achieve a sustainable income distribution from a diversified Western European commercial property portfolio. To achieve this we focus on our core business activities of:

- Acquiring well tenanted properties in strong and resilient locations;
- Asset managing the portfolio effectively to maximise the value created by the investments;
- Developing properties sustainably to maximise the income from and growth in value of the investments; and
- Optimising capital structure of the business to enhance shareholder return, without undue exposure to excessive risk.

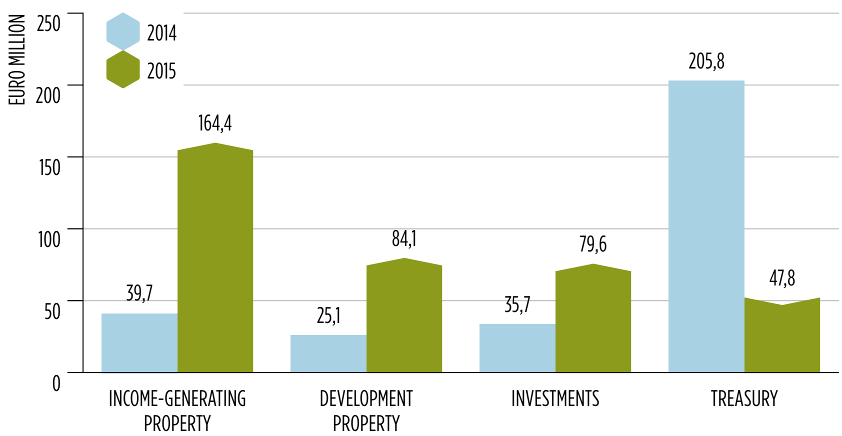
The strategic objectives of the group are detailed on page 23.

Portfolio development and performance

We analyse our portfolio in four segments, as indicated in the table below:

	Segment	Detail
1.	Income-generating property	Property for which the primary objective is extracting income return
2.	Development property	Property for which the primary objective is development in order to capture an element of increased income return compared to acquisition of standing income-generating property
3.	Investments	Indirect real estate investments
4.	Treasury	Cash and liquid real-estate equity portfolio

PORTFOLIO ASSEMBLY PROGRESS



Lukas Nakos
B.Bus.Sci
CEO

Highlights

16,8% INCREASE IN ADJUSTED NAV PER SHARE

66% GROWTH IN RENTAL INCOME

858% INCREASE IN NET PROFIT TO €48,5 MILLION

€6 445 604 PROPOSED FINAL DISTRIBUTION OF 2,20 EURO CENTS PER SHARE*

€227,6 m PORTFOLIO INCREASED BY

REPLENISHED PIPELINE

HISTORICALLY LOW FINANCING RATES AVAILABLE

* Based upon the number of shares at year-end

CEO's review (continued)

DEBT RATES IN EUROPE ARE PARTICULARLY LOW AT PRESENT, WHICH WE ARE CURRENTLY EXPLOITING FOR OUR INVESTORS.

Income-generating property

AFS N11

The income-generating portfolio has grown by €124,7 million to €164,4 million. To rebalance and diversify the portfolio, most of the recent income-generating acquisitions have been focused on Germany. There are real attractions to investing in Germany at the current time: the economic strength of the jurisdiction at the core of Western Europe; a strong legal system; a stable taxation regime; low corporate default; strong rental income; and the low cost of funding. Debt rates in Europe are particularly low at present, which we are currently exploiting for our investors.

Most of the acquisitions were in the middle and second half of the financial year – this is explained in more detail in the Portfolio review on pages 44 – 47. This means the real effect of the income generated will only come through fully in the 2016 financial year. The acquisitions have been of properties with long leases to substantial tenants, including the likes of Siemens, Rewe, Bauhaus, Toom and H&M. It is pleasing indeed to see the income-generating portfolio maturing in the way that it has, and the group is now a well-recognised real estate investor in the markets in which we operate.

IR 44

Development portfolio

New Waverley

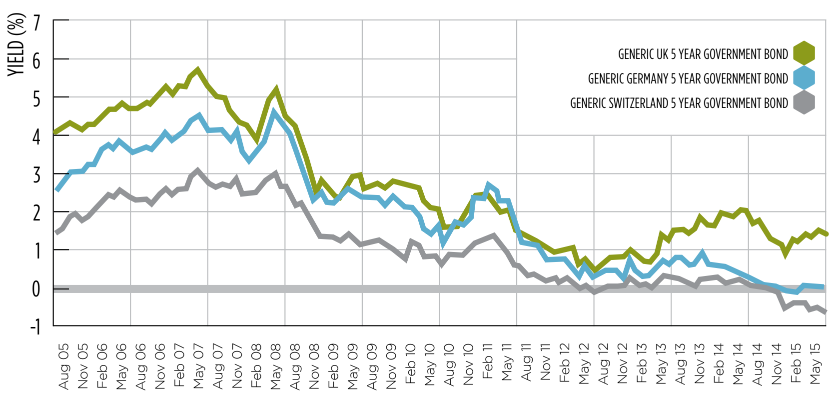
The New Waverley development is situated in the heart of Edinburgh's old town. The £150 million regeneration scheme links Waverley train station with the Royal Mile, re-integrating this historic yet neglected part of the capital into the heart of the city. Our plans have been both ambitious and uniquely creative. The scheme encompasses a new public square surrounded by cutting-edge office, retail, residential and leisure offerings.

Not only are the design and master planning unique, but we've also had an opportunity to engage extensively with the community to gain support for the scheme, which is in an area with UNESCO World Heritage status. Building on this community support, our further projects, such as that aimed at street artists, have been highly successful.

R S

The construction of the three pre-let hotels with their associated retail and leisure uses are now all well progressed, with the topping out ceremony for the two Whitbread hotels held in June of this year. The completion of these hotels is expected in the first half of 2016, and the Adagio hotel in time for Christmas that year. As the construction of the hotels is now sufficiently advanced to permit a reliable valuation, it is pleasing to see the uplift of €11,2 million in the value of the hotels, net of fees due to the developer. We expect further increases in value as these are completed, and as further elements of the scheme are progressed.

SELECTED 5 YEAR GOVERNMENT BOND YIELDS: 2005 – 2015



North Street Quarter

The North Street Quarter development, in Lewes, East Sussex, is also progressing well. Our planning application was submitted shortly before year-end, and the planning decision is expected within the next financial year. Our scheme offers substantial benefits for the local community and sympathises with its unique and delicate setting in the South Downs National Park. The sensitive location of the site, however, does mean that the planning process is more complicated than is typically the case. This is the reason for the relatively long period of time taken from acquisition of the property to submission of a planning application.

Langley Park

We also recently expanded our UK development portfolio with the acquisition of a 19 hectare industrial warehousing and office park in Chippenham, for €40,3 million. Known as Langley Park, the property, located close to the town centre and adjacent to the railway station, offers 75 000sqm of office and industrial space, and is a significant development opportunity for the group. We expect to submit a planning application for up to 400 residential units in 2016, whilst keeping the commercial elements with substantial tenants such as Siemens.

Investments

The investment portfolio has continued to perform strongly, driven by net gains in the value of the Karoo Fund of €20,8 million (see note 6 of the AFS for more detail). This fund is being wound up in January 2016, and we expect to receive redemptions throughout the next six months, whereafter the fund will terminate. The proceeds received will be invested into our investment property portfolio pipeline.

During the year, €10,2 million was invested in acquiring a 4,2% direct stake in Sirius Real Estate Limited ("Sirius"), where we already have an indirect exposure through the Karoo Fund. The investment in Sirius has performed well, increasing in value by

New Waverley, Edinburgh.

New Waverley, Edinburgh.

Langley Park, Chippenham.

CEO's review (continued)

some 11,2% since acquisition. Sirius is an owner and leading operator of mixed-use, multi-tenanted, branded business parks throughout Germany. Gains totalling €1,1 million have been recognised in profit in the current year.

Treasury

Due to the low-interest rate environment, the group invested €30,0 million in a portfolio of European real estate equities in order to achieve both exposure to European real estate returns, and to enhance the returns achievable on cash. This portfolio has also performed well, with a gain of €4,3 million over the year recognised in profit. In June 2015, the decision was taken to liquidate the portfolio in anticipation of further imminent acquisitions and against a backdrop of increasing stock market volatility.

Market and pipeline

Undoubtedly the market has recovered further over the period. Competition has increased with significant capital sums seeking exposure to the markets that we target. Accordingly, careful consideration is required when acquisitions are made to not overpay for assets. Indeed, we are extremely diligent in this regard, but opportunities nonetheless remain for those with appropriate relationships and a proven track record of delivery on acquisitions. The pipeline is once again full of value-enhancing transactions, across Germany and the UK.

Funding

The investment case for gearing the portfolio has already been made. Our current loan-to-value of 4,8% gives us a valuable opportunity to gear the portfolio in the coming months given the low interest rate environment. Strong progress has already been made in this regard, with discussions with lending institutions well advanced and terms signed on five of our new German assets. The proceeds are set to provide the equity required to finance the next wave of acquisitions, further strengthening the growing portfolio.

In addition to the opportunity to optimise the gearing across the portfolio, steps have been taken to place a moderate number of shares under the control of the directors. This will provide the company with the flexibility to occasionally issue shares for cash in order to raise capital quickly in "bite-sized chunks" to take advantage of opportunities as they present themselves, thereby enabling us to further expand the property portfolio. Importantly, this streamlines the investment process, as the cash-drag that can weigh upon portfolio returns is thereby significantly reduced. No shares have been issued for cash under the general or specific authorities in the current period, and neither have there been any repurchases of shares. In addition, there are no restrictive funding arrangements in place.

Move to the Main Board of the JSE

Much has been said elsewhere with regard to the move to the Main Board of the JSE. I reiterate the sentiments that this is a real achievement for an entity that started with only €10 million of investment capital less than six years ago, and creates the platform to take the organisation to the next level of growth.

I would like to express particular thanks to all of those involved in the lengthy process of achieving the Main Board listing.

Key business initiatives for the next year

Our primary focus for the next year is to build on the strength of the investment portfolio. The acquisition pipeline is strong, and the development portfolio is progressing well. The gearing of the portfolio will also provide some of the funding required to optimise returns generated for stakeholders.

Operationally, the implementation of a new integrated property management and accounting information system should streamline our operations at a time of a growing portfolio. For our team, several initiatives are being implemented to ensure that we continue to attract, motivate and retain the best talent.

Outlook

The group's performance underlines the success of our actions in implementing our strategy. The investment portfolio is now of meaningful size and quality, and puts us in a strong position in the context of further investment. We remain vigilant towards movements in our investment markets, and we will continue to allocate capital in the markets and sectors that demonstrate strong fundamentals. This gives us confidence that we are well positioned for continued performance in the years ahead.

Distribution

The directors are pleased to propose a final distribution to shareholders of €6 445 604, or 2,20 euro cents per share based upon the number of shares at year-end. Details of the distribution will follow in due course.

Financial review

Distribution income statement

Euro	Year ended 30 June 2015	Sixteen months ended 30 June 2014
Rental income	**8 733 519**	5 247 429
Service charges	**589 637**	—
Expenses		
Portfolio related expenses	**(2 036 856)**	(665 096)
Investment adviser fees	**(1 249 295)**	(2 410 812)
Administrative expenses*	**(1 919 289)**	(288 673)
Net operating income	**4 117 716**	1 882 848
Equity accounted earnings	**—**	1 479
Net finance costs	**(576 698)**	509 539
Taxation	**(371 447)**	(325 036)
Core income	**3 169 571**	2 068 830
Adjustments:		
Realised profits on Karoo Fund redemptions	**4 921 557**	—
Realised profits on treasury portfolio	**1 696 715**	—
Realised profits on investment property disposal	**—**	2 453 149
Income shortfall guarantee	**—**	635 123
Adjusted core income	**9 787 843**	5 157 102
Adjusted core income per share	**3,41**	2,82
Weighted average number of shares outstanding	**287 268 121**	183 068 848
Actual number of shares outstanding	**291 787 889**	279 483 999
Interim distribution (euro cents per share)	**1,15**	0,60
Final distribution (euro cents per share)**	**2,20**	1,24
Total distribution (euro cents per share)**	**3,35**	1,84

* Excluding listing and structure costs of €504 581

** Based upon the number of shares in issue at year-end

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

Rental income increased in the period by 66,4% to €8,7 million, driven by the acquisitions during the period. The annual rent roll on income-generating property, compared to the same in the previous period, was as follows:

Euro	As at 30 June 15	As at 30 June 14
Annual rent roll – income-generating property	**12 562 453**	2 731 627*

* Assumptions: Based on the forward-looking 12-month rentals from income-generating properties held at period end, excluding the Sauchiehall property, all converted at the year-end exchange rate.

PORTFOLIO RELATED EXPENSES HAVE INCREASED IN LINE WITH THE INCREASING SIZE OF THE PORTFOLIO. The investment adviser fees paid by the group to MAS Property Advisors Limited effectively ceased when the group acquired 100% of the shares of MAS Property Advisors Limited, the investment adviser. However, the expenses of MAS Property Advisors Limited, totalling €1,7 million, have also been consolidated from the date of acquisition.

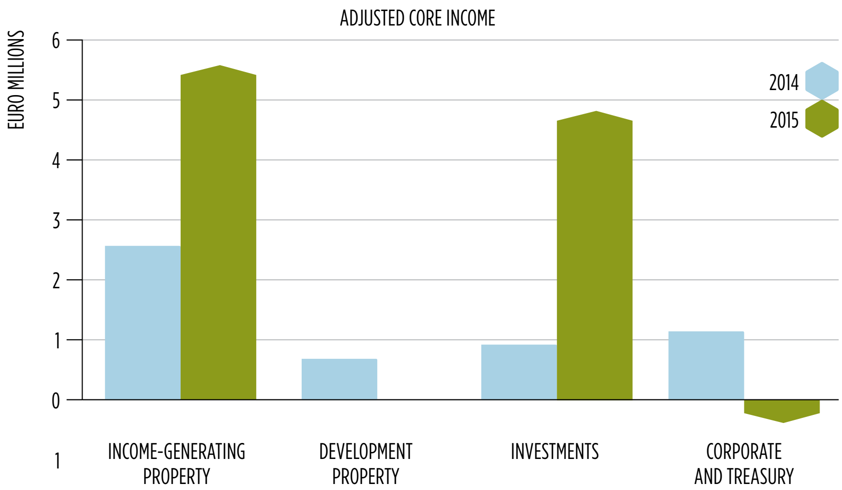
Gains realised on the Karoo Fund redemptions received thus far totalled €4,9 million and have been included in the computation of the distribution for the current period. In addition, gains of €4,3 million have been earned on the treasury portfolio, of which €1,7 million is included in adjusted core income given the unrealised nature of the, yet to be liquidated, rump of the treasury portfolio.

The group bases its distribution upon adjusted core income. The distribution proposed in relation to the second half of this year amounts to €6 445 604, or 2,20 euro cents per share based upon the number of shares in issue at year-end, bringing the full year distribution to 3,35 euro cents per share (2014: 1,84 euro cents per share). Full details of the dividend will be announced in due course.

Financial review (continued)

AS THE GROUP TAKES A BASKET-OF-CURRENCIES APPROACH AND DOES NOT HEDGE BETWEEN STERLING, SWISS FRANC AND THE BASE CURRENCY, EURO

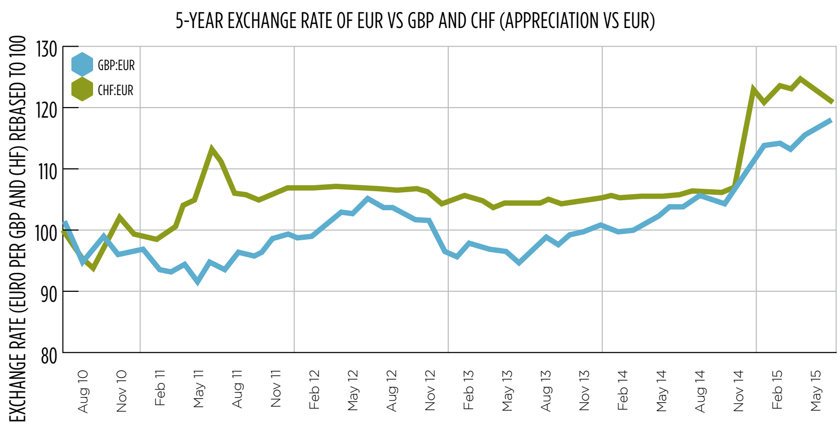
The adjusted core income 'bridge' is as follows:



Exchange differences AFS N25

Exchange differences for the year amounted to a gain of €17,7 million. The key driver of these exchange differences is investment property held in sterling and Swiss franc. As the group takes a basket-of-currencies approach and does not hedge between sterling, Swiss franc and the base currency, euro, such exchange differences do not relate to the underlying operations of the business and are therefore excluded from the computation of adjusted core income.

Nonetheless, the volatility in currencies in Europe has been extreme over the last year, and such movements do impact on the group's NAV. The graph below charts the five-year exchange rates of the euro versus sterling and the Swiss franc.



Net profit showed a healthy 858% increase from €5 060 236 to €48 474 908.

Summarised statement of financial position

Euro	As at 30 June 15	As at 30 June 14
Goodwill	**29 351 139**	1 371 537
Investment portfolio		
– Income-generating property	**164 390 519**	39 650 572
– Development property	**84 148 287**	25 101 270
– Investments	**79 568 758**	35 743 617
– Treasury	**47 716 754**	205 800 188
Other assets	**5 279 954**	2 323 107
Total assets	**410 455 411**	309 990 291
Shareholder equity	**353 140 598**	289 324 428
Non-current liabilities	**22 468 897**	17 371 643
Current liabilities	**34 845 916**	3 294 220
Total equity and liabilities	**410 455 411**	309 990 291
Adjusted net asset value per share (euro cents)*	**121,2**	103,8
Number of ordinary shares in issue	**291 787 889**	279 483 999

* Net asset value per share as adjusted for deferred tax

Investment properties are valued annually at the financial year-end. Considerable judgement is required in interpreting market data to determine the estimates of value. Accordingly the estimates of value presented in the financial statements are not necessarily indicative of the amounts that the group could realise in a market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

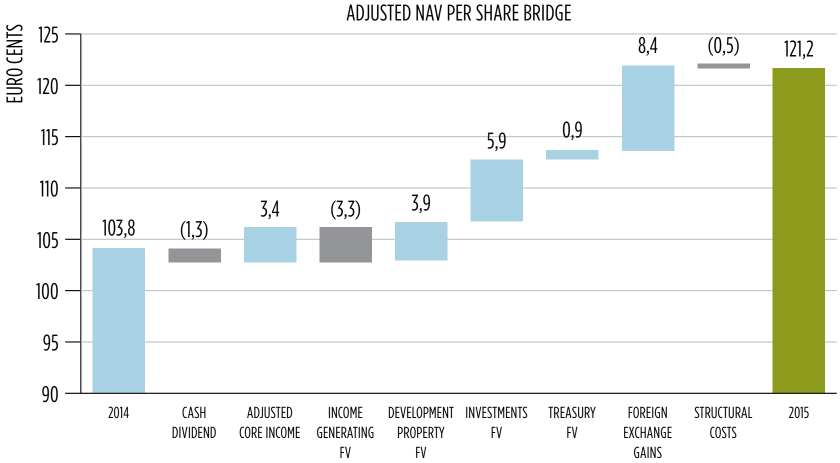
AFS N11

In the current financial year, income-generating investment property increased by €124,7 million, and development property by €59,0 million. This was driven by four factors: acquisitions; development expenditure; revaluations; and exchange differences. Notably, the valuation approach on New Waverley has been updated with respect to the three hotels. This resulted in a fair value adjustment of €11,2 million net of fees, whilst the rest of the development portfolio remains valued at cost.

As discussed above, investments have performed particularly well in the period under review. The Karoo Fund investment now totals €67,2 million, of which €26,4 million is attributable to Attacq Limited and is recorded as a financial liability.

AFS N21

ADJUSTED NAV PER SHARE BRIDGE



INVESTMENTS HAVE PERFORMED PARTICULARLY WELL IN THE PERIOD UNDER REVIEW.

Vision, mission and values

OUR VISION

To be the pre-eminent listed real estate investment company, with a Western European focus and delivering sustainable distributions whilst creating stakeholder value.

OUR MISSION

To acquire, develop and effectively manage a diversified portfolio of high quality real estate investments in Western Europe to deliver sustainable distributions and capital appreciation over time.

OUR VALUES

GOALS AND RESULTS FOCUSED

We strive to set and achieve challenging goals.

INTEGRITY

We act responsibly in every part of our business.

COLLABORATIVE AND RESPECTFUL

We work with all our stakeholders enabling us to create real value.

CREATIVE

We have a dynamic investment approach that allows us to identify high quality undervalued assets where we can add real long-term value.

CONVICTION

Doing only what we believe will create genuine value.

New Waverley, Edinburgh.

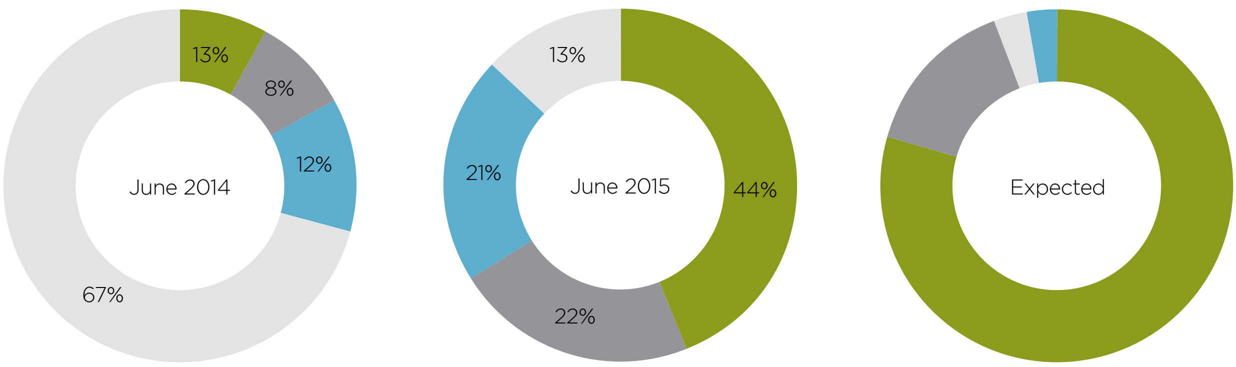
DOING ONLY WHAT WE BELIEVE WILL CREATE GENUINE VALUE.

Strategic objectives

STRATEGIC OBJECTIVES	OUR APPROACH	PROGRESS	LOOKING AHEAD TO 2016
DRIVE THE ACQUISITION PROGRAMME IN EUROPE AND DEVELOPMENT PROGRAMME IN THE UK	– Source deals through strong network – Stringent deal appraisal ensuring acquisitions meet business objectives – Working with development partners to expedite progress on developments	Invested €175,6 million in current year, €126,9 million into income-generating investments, €38,5 million into developments, and €10,2 million into investments	Continue to invest as portfolio leverage is optimised through debt funding at very attractive current rates P
UNLOCK VALUE IN EXISTING PORTFOLIO	– Detailed asset management programme maintained by asset manager of each investment – Finding creative ways of extracting further value from assets through asset management	– Various lease re-gearings of portfolio – Lettings achieved in the development portfolio	Specific focus on enhancing value in new-acquisition portfolio P
CONTINUE TO IMPROVE INVESTMENT PROCESS AS THE ORGANISATION GROWS	– Regular honest and open assessment of the process – Nurture a feedback culture – Develop and maintain strong deal network	– Strengthening deal network – Enhancement of appraisal model – Increased frequency of investment committee meetings – Recruiting highly skilled and motivated individuals – Nurturing culture of openness from all parties in the investment process	Continued refinement of investment process to be even more selective in environment of rising prices T
GEAR THE PORTFOLIO OPTIMALLY	Continually review optimal levels of gearing	Term sheets received with respect to gearing of the German and UK portfolio	Gearing to be completed on income-generating portfolio, with conservative gearing on selected development assets F

Portfolio evolution P

- Income-generating property
- Development property
- Investments
- Treasury



Key risks and uncertainties

PROPERTY MARKET RISK		PRIMARY IMPACT P F
DESCRIPTION	MITIGATION	OUTCOME
Decline in the general level of demand for and prices of commercial real estate in the markets in which we operate could affect rental levels, capital values, and the group's ability to meet its debt covenants	– Comprehensive investment process to acquire high-quality, sustainable real estate – Detailed market research undertaken by in-house research analysts – Diversification across geographies, sectors and tenants to limit exposure to specific segments	– Demand for real estate has been strong across the markets in which we invest. Covenant concerns are therefore limited at this stage, but declines in property prices would impact capital values

DEVELOPMENT AND ACQUISITION RISK		PRIMARY IMPACT P
DESCRIPTION	MITIGATION	OUTCOME
Poor execution during the acquisition or development process could result in value loss due to increased costs or lost income	– Dedicated internal investment advisory business and Investment Committee to manage acquisition process – Improved structures and processes around acquisition, with external independent input into the process – Development resources outsourced to experienced and competent professionals	– The continued improvement in processes around investment, and monitoring of developments, has gone a long way in mitigating the risk of acquisition and development

FUNDING RISK		PRIMARY IMPACT F
DESCRIPTION	MITIGATION	OUTCOME
Sources of funding may become unavailable; the group may breach covenants on existing facilities; cost of funding may increase which will reduce shareholder returns	– Strong and established relationships with funders – Effective treasury management process to ensure adequate group liquidity – Regular board consideration of group funding position – Low levels of current gearing	– Continual monitoring of debt facilities is undertaken.

OPERATIONAL RISK		PRIMARY IMPACT T F
DESCRIPTION	MITIGATION	OUTCOME
Breakdown of the operational system may result in loss of income, increased expenses or inaccurate information for decision-making	– Strong and established processes for performing operational tasks – Culture of openness and transparency with respect to challenges – Adequate staffing and training and development thereof – Investment into resources and implementation of processes for all parts of the business	– Progress has been made in documenting internal processes – High volume of acquisitions has increased the short-term operational risk – Staffing and skill levels have increased across the group

FOREIGN CURRENCY RISK		PRIMARY IMPACT F
DESCRIPTION	MITIGATION	OUTCOME
The group's reporting currency is the euro, but the group invests in euros, sterling and Swiss francs. Fluctuations in exchange rates can impact euro-denominated levels of income and capital values	– The group does not hedge between the euro, sterling and Swiss franc, and instead adopts a basket-of-currencies approach. However, the board regularly considers the relative level of exchange rates and whether the hedging strategy remains appropriate	– During the 2015 financial year the euro weakened against most major currencies. This has resulted in income streams and capital values increasing when reported in euros. In addition, the Swiss Central Bank removed the cap against the euro, resulting in significant strengthening of the Swiss franc IR 18

STRATEGY RISK		PRIMARY IMPACT P F
DESCRIPTION	MITIGATION	OUTCOME
Inappropriate or poorly executed strategy could result in loss in shareholder value	– Detailed annual strategic review undertaken – External consultant periodically considers views of other stakeholders – Regular reviews of strategic progress undertaken	– Good progress has been made toward the group's strategic objectives, with core income levels increasing strongly as the property acquisition and development programme progresses

COMPLIANCE RISK		PRIMARY IMPACT R F
DESCRIPTION	MITIGATION	OUTCOME
The business may fail to comply with applicable regulatory requirements	– Competent and experienced staff oversee the regulatory aspects of the business – Use of stock exchange sponsors to advise on stock exchange-related matters – Internal training and development – Use of external consultants and updating advice regularly when technical input required	– The group has evolved quickly and the risk of compliance failures is initially higher than in more mature organisations. Dedicated resources are focused on managing this risk

SYSTEM IMPLEMENTATION RISK		PRIMARY IMPACT T F
DESCRIPTION	MITIGATION	OUTCOME
The business may experience loss as a result of failed system implementation	– Detailed due diligence being undertaken before implementation – Use of experts to help with implementation – Use new and old system in parallel	– Detailed review and analysis undertaken and performance of an implementation risk assessment

Our stakeholders

R

Our stakeholders, and approach to engaging with them, are presented below:

STAKEHOLDER	COMMUNICATION AND ENGAGEMENT	CONTRIBUTION	EXPECTATION
Investors and analysts	– Investor presentations – Roadshows – One-on-one meetings – Interim and annual reporting – Results conference calls – JSE/Euro-MTF SENS – Shareholder meetings – Website – Newsletters – Property tours	– Provision of equity	– Sustainable distribution and capital growth over time
Lenders	– One-on-one meetings – Bespoke updates – Interim and annual reporting – Website	– Provision of debt	– Property security – Maintenance of strong income and balance sheet within covenants
Tenants	– One-on-one meetings – Site visits – Local property management teams	– Letting of available space	– High level of service and support
Suppliers and service providers	– One-on-one meetings – Regular feedback – Performance evaluation	– Provision of services to meet our objectives	– Conducting business in a mutually beneficial and professional manner,
Employees	– Training and development – Monthly social events – Semi-annual performance appraisals – Internal newsletters/ communications – Regular strategic and business updates (CEO's coffee morning)	– Employees are the engine of the business, driving the business forward with our goals and results-focused approach	– Attract, develop, reward and retain the best people T – Market related salaries
Regulatory bodies	– Tax and regulatory returns – Input into setting policy – Direct open engagement on required matters	– Regulatory frameworks tend to assist in providing certainty and allow effective governance	– MAS is compliant with all relevant regimes
Local communities	– Detailed community engagement with all developments through: – Community presentations – Localised updates – E-forums and press	– Social acceptance and positive interactions in the communities in which we operate	– Impacting communities in a positive manner
Development partners	– Development meetings – Site visits – Progress/cost reports	– Providing development expertise to grow portfolio	– Conducting business in a mutually beneficial and professional manner
Media	– Interviews for print, electronic and on-air media	– Communicating strategy and updates to a wide audience	– Fairness, honesty and transparency – Access to management

North Street Quarter, Lewes.

WE REMAIN COMMITTED TO PRESERVING THE ENVIRONMENTS WHERE WE HAVE BEEN ALLOWED TO OPERATE.

Team

T

HUMAN AND INTELLECTUAL CAPITAL IS THE KNOWLEDGE AND EXPERTISE WE HAVE DEVELOPED THROUGH THE CONTINUED INVESTMENT IN OUR TEAM, SYSTEMS AND PROCESSES. OUR FORWARD-LOOKING APPROACH ENSURES THAT WE HAVE THE HUMAN AND INTELLECTUAL CAPITAL TO SUCCEED.

TOP ROW: Max Talavera, Helen Cullen, Shareena Cretney, Luke Piggin, Kim Nicholson, Sarah Wade, Clive Wilding, Jazz Garrett BOTTOM ROW: Helen Burt, Mary Furlong, Malcolm Levy, Lukas Nakos, Jon Rogers

Internalisation
In October 2014 we successfully internalised the investment adviser, MAS Property Advisors Limited, which brought in-house an extensive knowledge base and human resource contingent. The benefits to the team of this are substantial, including controlling the intellectual and human resources, and improving the alignment of interests with shareholders.

Topping-out party, Whitbread hotels, Edinburgh.

Improving our team
We continue to add to this through our recruitment programme, employing talented people who have the skills and experience to contribute significantly to the business activities. Our staff contingent, including directors, has increased to 20 at year-end, from 7 a year before.

In addition to increasing the number of people we employ, we have formalised a training and development programme. This gives the team the tools they need to thrive and make a difference. We have furthermore formalised our core values, which underpin how we do business.

We shall continue investing in the human and intellectual capital as the size of our operational platform increases as a result of investment in the growing portfolio. We are targeting retention through the introduction of a geared equity purchase scheme for our employees, which will align their interests with those of shareholders.

IR 39

With respect to the group's systems and processes, the final selection and implementation of an integrated property management and accounting system is underway. This will go a long way to improving the operational efficiency of the organisation, but the risks of implementation are well understood and will be diligently mitigated.

Chippenham and Langley Park properties, Chippenham.

THE GROUP UNDERSTANDS THE SOCIAL CONTRACT THAT PERMITS IT TO DEVELOP AND OWN REAL ESTATE IN THE NATURAL ENVIRONMENT AND LOCAL COMMUNITIES IN WHICH WE OPERATE. In addition to assessing the impact of the environment on the business, we take care to ensure that we have a lasting and positive effect in the environments and communities in which we operate.

We are always thinking of ways in which to make a difference and ensure that we run our properties and developments in an environmentally responsible and sustainable manner.

We have made significant progress during the year, including the following initiatives:

- Using environmentally friendly landfill at our New Waverley and North Street Quarter development sites;
- Designing low emission buildings at Lewes and Chippenham;
- Using solar panels at our investment in Switzerland;
- Planned solar panels serving our occupiers with renewable energy at Langley Park; and
- Water-based district heating – proposed in the North Street Quarter development in Lewes.

Improving our sustainability

We remain committed to preserving the environments where we have been allowed to operate. Respecting the environment is at the heart of our asset management and development processes. Future initiatives being worked on include:

- Low-energy buildings: Our planned new occupier buildings at Chippenham and the residential development at Lewes will be using energy-efficient building systems based on the principle of "using less energy first"
- Green roof and sustainable urban drainage forms part of our infrastructure at our planned development at North Street Quarter
- Across our developments, we shall seek environmental fill licences to take inert fill from other local construction sites, reducing the need for landfill
- Regenerating the redundant undercroft arches at New Waverley, refurbishing them for use as creative space, and letting them to creative tenants; and
- At our redevelopment in Lewes, looking to use zero carbon energy by a combination of principles including water-based district heating in consultation with our local authority partners, the Lewes District Council, and South Downs National Park.

WE ARE ALWAYS THINKING OF WAYS IN WHICH TO MAKE A DIFFERENCE AND ENSURE THAT WE RUN OUR PROPERTIES AND DEVELOPMENTS IN AN ENVIRONMENTALLY RESPONSIBLE AND SUSTAINABLE MANNER.

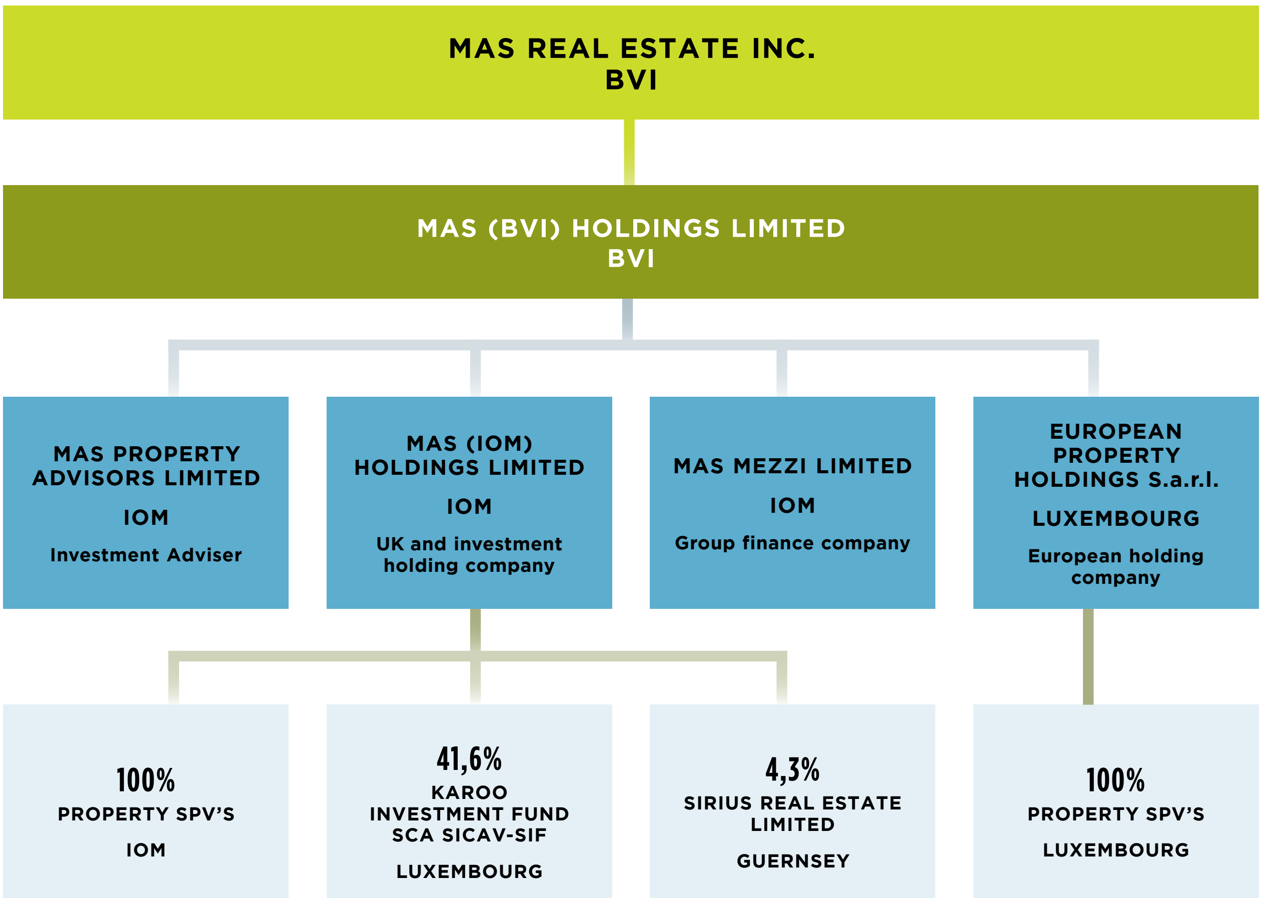
North Street Quarter, Lewes.

New Waverley, Edinburgh.

Our corporate structure

Effective corporate governance is a critical part of MAS's strategy and its ability to function as a responsible corporate citizen.

The board is committed to ensuring compliance with all relevant legislation and regulations applicable to its business, including complying with recommendations for good corporate governance policies as laid down by the Luxembourg Stock Exchange's X Principles of Corporate Governance and the King III Report on Corporate Governance for South Africa. The extent of MAS's compliance with the 75 corporate governance principles as recommended in King III is evidenced in the King III Code compliance register which may be viewed on our website www.masrei.com



Our governance structure

THE BOARD OF DIRECTORS

BOARD COMMITTEES

AUDIT COMMITTEE

IR 36

The committee is responsible for ensuring the financial performance of the group is properly reported on and monitored, including reviewing the group's annual and interim financial statements and significant financial issues, internal control systems and procedures and processes. The committee oversees the external audit process which includes nomination of the group's external auditor and approval of their remuneration.

RISK COMMITTEE

IR 38

The committee is responsible for managing the group's strategic and operational risk and ensuring an effective policy and plan for risk management is implemented that will enhance the group's ability to achieve its strategic objectives.

NOMINATION COMMITTEE

IR 42

The committee is responsible for establishing a formal process for the appointment of directors to the board and for the evaluation of the composition of the board including the development of a formal succession plan.

REMUNERATION COMMITTEE

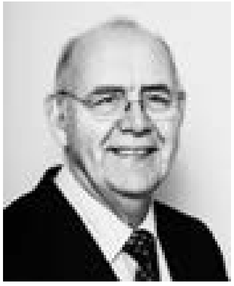
IR 39

The committee is responsible for reviewing and setting the remuneration of the group's management as well as considering the establishment and monitoring of the participation in any share incentive scheme for employees of the group.

Board of directors

Ron Spencer (67)
C.Dir
Chairman (independent)

Appointment to the board:
Ron was appointed to the board as chairman on 16 July 2009.
Committee memberships:
Nomination (chairman), Audit, Risk and Remuneration



Experience:
Ron is an independent non-executive director and the chairman of MAS. Until his retirement from full-time employment, Ron was managing director of Merrill Lynch Investment Managers Holdings (IOM) Limited. Ron is chair of the Isle of Man Gambling Supervision Commission in addition to being a non-executive director of several other Isle of Man companies. In 2004 Ron was admitted as chartered director by the Institute of Directors. He is based in the Isle of Man.

Lukas Nakos (39)
B.Bus.Sci
CEO

Appointment to the board:
Lukas was appointed to the board as chief executive officer on 3 July 2008.
Committee memberships:
Remuneration

Experience:
Lukas is an executive director and experienced senior real-estate professional, having previously served as the chief operating officer of a privately owned niche international financial services group with significant real-estate exposure, where he played a key role in constructing the European real-estate portfolio. Lukas is based in the Isle of Man.

Malcolm Levy (38)
MBA (oxon.), CA(SA), CFA
CFO

Appointment to the board:
Malcolm was appointed to the board as chief financial officer on 16 February 2009.
Committee memberships:
None

Experience:
Malcolm is an executive director and has served as CFO since the inception of the group. Previously the co-founder and portfolio manager of a privately managed London-based emerging market hedge fund, Malcolm has strong financial skills and qualifications. Malcolm is based in the Isle of Man.

Jonathan Knight (48)
MRICS, BSc. (Hons)
CIO

Appointment to the board:
Jonathan was appointed to the board as chief investment officer on 12 August 2014.
Committee memberships:
None

Experience:
Jonathan is an executive director and has over 25 years experience of the real estate industry, most recently as a director at ING Bank in London and Amsterdam working on various European and global real-estate projects. He previously worked for over 12 years at ING Real Estate Investment Management (then the largest global real-estate investment manager with $90 billion under management).

Gideon Oosthuizen (47)
B.Eng (Mech)
Non-executive director (independent)

Appointment to the board:
Gideon was appointed to the board as a non-executive director on 16 February 2009.
Committee memberships:
Remuneration (chairman), Nomination and Audit

Experience:
Gideon is an independent non-executive director of MAS, and an executive director of the Atterbury Property Group, a leading South African real estate development and investment group with assets exceeding $1,5 billion. Gideon heads up Atterbury Europe and is based in South Africa.

Jaco Jansen (42)
B.Com, CA(SA)
Non-executive director (independent)

Appointment to the board:
Jaco was appointed to the board as a non-executive director on 16 July 2009.
Committee memberships:
Audit (chairman) and Risk (chairman)

Experience:
Jaco is an independent non-executive director of MAS and head of the investment services division of the Maitland Group, which manages in excess of $500 million for private clients and provides investment advice on a multi-asset class basis to institutional clients with $2,3 billion of assets. Jaco is a registered South African chartered accountant and is based in the Isle of Man.

Morné Wilken (44)
B.Eng (Ind) (Hons)
Non-executive director

Appointment to the board:
Morné was appointed to the board as a non-executive director on 12 August 2014.
Committee memberships:
Remuneration and Nomination

Experience:
Morné is a non-executive director of MAS and the CEO of Attacq Limited. He has extensive experience in property development, property investment, property finance, corporate restructuring and acquisitions. Morné spent 10 years in the property finance division of First National Bank and Rand Merchant Bank (both divisions of FirstRand Bank Limited) where he excelled as a top dealmaker. Morné then led the strategic roll-out and development of the Waterfall Business Estate in Midrand, South Africa. Morné is based in South Africa.

Pierre Goosen (36)
B.Com(Law), LLB
Non-executive director

Appointment to the board:
Pierre was appointed to the board as a non-executive director on 12 August 2014.
Committee memberships:
Risk

Experience:
Pierre is a non-executive director of MAS and joint managing director of Argosy Capital, a European-based private equity and venture capital investment business. Prior to joining Argosy, Pierre worked at two highly regarded international law firms practising as a commercial, private equity and funds lawyer. He is an admitted attorney in South Africa and solicitor in England and Wales. Pierre is based in the Isle of Man.

Dewald Joubert (42)
B.Com(Law), LLB, Adv Cert Tax
Alternate non-executive director

Appointment to the board:
Dewald was appointed simultaneously with Pierre Goosen on 12 August 2014 as alternate director.
Committee memberships:
Risk

Experience:
Dewald is an alternate non-executive director to Pierre Goosen and joint managing director of Argosy Capital, a European-based private equity and venture capital investment business. Prior to joining Argosy, Dewald was a practising lawyer who started his career with Arthur Andersen in South Africa. He subsequently became partner at the Maitland Group in the Isle of Man. Dewald has throughout his career served on the boards of several private and public companies as a non-executive director and is based in the Isle of Man.

Composition
The board comprises five non-executive directors, three of whom are independent (including the chairman), two of whom are non-independent, and three executive directors. In compliance with the King III Code on Corporate Governance, the roles of chairperson and CEO are clearly separated and there is a majority of non-executive directors on the board to ensure a balance of power and authority.

Board of directors (continued)

Summary of director appointments

Director	Appointment	Status	Length of service (years)
Lukas Nakos	3 July 2008	Executive	7,0
Malcolm Levy	16 February 2009	Executive	6,5
Jonathan Knight	12 August 2014	Executive	1,0
Ron Spencer	16 July 2009	Independent non-executive	6,0
Jaco Jansen	16 July 2009	Independent non-executive	6,0
Gideon Oosthuizen	16 February 2009	Independent non-executive	6,5
Morné Wilken	12 August 2014	Non-executive	1,0
Pierre Goosen	12 August 2014	Non-executive	1,0

The board meets at least three times a year. In addition to the regular scheduled meetings of the board, ad hoc meetings are held as and when required in order to ensure the efficient discharge by the board of its duties as set out in the board charter.

Attendance register

Director	Board meetings	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee
Ron Spencer	3/3	3/3	1/1	1/1	1/1
Jaco Jansen	3/3	3/3	1/1		
Gideon Oosthuizen	3/3	2/2	1/1	1/1	1/1
Pierre Goosen	1/2		1/1		
Morné Wilken	2/2			1/1	1/1
Lukas Nakos	3/3				1/1
Malcolm Levy	3/3				
Jonathan Knight	2/2				

Roles and responsibilities

The board is responsible for setting the strategic objectives and investment policies of the group. It acts as a focal point for and is the custodian of corporate governance by managing its relationship with management, the group's shareholders and other stakeholders along sound corporate governance principles.

The board's responsibilities include:

- Considering the sustainability of the group;
- Ensuring proper management, control and compliance of the business;
- Establishing a framework for proper internal controls and risk management;
- Ensuring that the group is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the company but also the impact business operations have on the environment and the society within which it operates;
- Assuming responsibility for the governance of risk and information technology;
- Approving the strategy of the group which will result in sustainable outcomes;
- Ensuring compliance with appropriate laws, rules and standards;
- Evaluating the performance of the executive and senior officers; and
- Providing effective and ethical leadership.

Under the terms of the board charter, the board is responsible for appointing and evaluating the performance of the chief executive as well as all other executive and non-executive directors of the board.

All major acquisitions, disposals and financing transactions require approval by a majority of the board of MAS (BVI) Holdings Limited, the investment decision-making subsidiary within the group, with other matters being delegated by the board to well-structured committees but without abdicating its own responsibilities. Delegation is determined by defined, formal terms of reference for each board committee and there is a delegated authority framework in place from the boards of MAS Real Estate Inc. and MAS (BVI) Holdings Limited providing senior management with the parameters within which they can operate. These terms of reference and delegated authority framework are approved and regularly reviewed by the board. There are clear reporting lines to ensure that the board receives all relevant information about the business. The board evaluates the effectiveness of the board committees on an annual basis.

To ensure independence and impartiality, the directors disclose to the company any circumstances which may have an impact on their ability to act without a conflict of interest. In situations where a conflict may arise, the board acts without those of its members who are conflicted, particularly on a matter relating to a transaction.

Experience of the board

All directors have the considerable skills and experience required to make adequate judgments on issues of risk, strategy, performance, resources, standards of conduct and evaluation of performance. Their varied backgrounds and experience provide a balanced mix of the knowledge required to manage the business effectively. In addition to their experience, all of the directors draw on their specific professional qualifications to fulfil appropriate committee roles.

Re-election and appointment of new directors

In accordance with the company's articles of association, directors retire by rotation and can offer themselves for re-election at the shareholders' meeting. The directors subject to retirement by rotation include any director who wishes to retire and not offer himself for re-election or any other of the directors which have been longest in office since their most recent appointment or re-appointment. The directors to retire on each occasion shall be determined by the composition of directors at the end of every financial year. A director's eligibility for re-election is based on the board's confirmation of his past performance and contribution to the board. The directors due for retirement at the 2015 annual shareholders' meeting, and offering themselves for re-election, are Jaco Jansen and Lukas Nakos.

The appointment of new directors is by a resolution of the directors and any such appointment is confirmed at the shareholders' meeting. The nomination committee assists the board when board appointments are made in order to ensure that such appointments are made in a formal and transparent manner. There are no new director appointments proposed for confirmation at the forthcoming shareholders' meeting.

Training

The board and each director have a working understanding as appropriate to the effect of applicable laws, rules, codes and standards on the group and its business. Updates and presentations on changes to applicable laws, rules, codes and standards are provided as and when necessary.

An induction programme aimed at an understanding of the company is conducted for all newly appointed directors and training of board members is managed by the company secretary as and when required.

Directors' dealings

IR 39

Dealing in company shares by the directors and the company secretary is regulated and monitored by the Bourse de Luxembourg and JSE Listings Requirements. The MAS group has adopted a policy on directors' dealings which includes the approval of the chairman before dealing and the operation of prohibited periods when relevant and the imposition of closed periods between the end of a financial period and the release of results.

Directors' remuneration

The board has constituted a remuneration committee which is delegated with the responsibility for all aspects of directors' remuneration, evaluation, performance and policy, and also to review remuneration at all levels in the company.

Company secretary

The board considers and satisfies itself on an annual basis as to the competence, qualifications and experience of the company secretary. The company secretary's professional membership to the Institute of Chartered Secretaries and Administrators remains current, with an up-to-date CPD record. The board has considered this and is satisfied that the company secretary has the necessary skills and experience to carry out her duties.

The board reviews the relationship between the company secretary and the board members on an annual basis in order to determine whether the company secretary has maintained an arms-length relationship with the board of directors. There are no special ties between the company secretary or any of the directors. Furthermore, the company secretary is not a director of the company or a material shareholder and has not entered into any major contractual relationships with the company or any director. On this basis, the board has determined and is satisfied that an arm's length relationship exists between the company secretary and the board of directors in terms of section 3.84(j) of the JSE Listings Requirements .

The board has direct access to the company secretary who advises on updates of regulatory rules, corporate governance matters and legislation.

Report of the Audit Committee

Jaco Jansen, CA(SA)
Chairman of the Audit Committee

Members
Jaco Jansen (chairman), Ron Spencer and Gideon Oosthuizen

Composition

The Audit Committee comprises three independent non-executive directors. All committee members collectively have sufficient qualifications and experience to fulfil their duties including an understanding of financial and sustainability reporting; internal financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology governance as it relates to integrated reporting; and governance processes within the group.

The committee considers and satisfies itself on an annual basis as to the expertise and experience of the group's chief financial officer. The committee has considered this and is satisfied that the chief financial officer has the requisite expertise and experience.

The committee meets at least three times a year.

Key roles and responsibilities

The Audit Committee is responsible for:

- Ensuring the financial performance of the group is properly reported on and monitored;
- Reviewing the group's annual and interim financial statements and significant financial issues, internal control systems and procedures;
- Overseeing the external audit process which includes nomination of the group's external auditor and approval of their remuneration;
- Reviewing, at least annually, the systems of internal control, to ensure that adequate processes are in place and operating effectively;
- Reviewing and challenging if necessary the accounting policies adopted and any changes thereto;
- Reviewing the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and
- Meeting at least annually with the external auditor to discuss its remit and any issues arising from the audit.

For the year ended 30 June 2015

The Audit Committee is the longest-standing committee of the board and has been in existence since the inception of the group. As a result, the processes are well established and carefully monitored.

The principal responsibility of the Audit Committee is to ensure that the group's financial performance is properly monitored, controlled and reported on. The committee provides additional comfort to the board with regard to the efficacy of the financial information used by directors to discharge their responsibilities. In addition, the committee is responsible for ensuring the integrity and appropriateness of the internal control systems.

Initiatives undertaken in the current year included the following:

- Reviewing and recommending for approval the interim and annual financial statements;
- Reviewing the processes undertaken to ensure that the financial statements reflect a true and fair view of the state of affairs;
- Meeting with the external auditor, without management present, to discuss the results of audit work and accounting treatments undertaken;
- Reviewing the results and effectiveness of the internal control system process; and
- Reviewing the whistle-blowing policy.

All responsibilities were diligently undertaken by the committee in the current year.

Significant areas of judgment and estimates

AFS N2

The preparation of the financial statements required significant judgements and estimates to be made. The group is an investment business, and accordingly the most important of these in the current year relate to the valuation of the investment property and investment portfolio.

- **Investment property:** The valuation of investment property is determined by property valuation experts, except where fair value cannot be reliably determined. The property valuation experts use recognised valuation techniques and apply the principles of IFRS 13. The significant methods and assumptions used by the valuers in estimating fair value are set out in note 11 of the financial statements.
  Where there is not a reliably determinable fair value the group uses costs less impairment as a reasonable approximation of fair value. The directors have assessed the value of development property and no impairment has been made.
- **Investments:** In determining the fair value of investments classified as fair value through profit or loss the group is required to make estimations of unobservable inputs in determining the investment's fair value. The significant methods and assumptions used in estimating fair value are set out in notes 12 and 16 of the financial statements.

Independence and effectiveness of the external auditor

KPMG LLC (Isle of Man) is the current external auditor of the group. It was appointed in 2010, and has indicated a willingness to stay in office. KPMG has confirmed to the committee that it remains independent and has maintained the necessary internal safeguards to ensure the objectivity of the audit partner and staff. The group and the external auditor are satisfied that no relationships exist between them other than in the ordinary course of business.

The following fees were paid/accrued for during the year:

Euro	Year ended 30 June 2015	16 months ended 30 June 2014
Audit fees	64 554	53 018

In assessing the auditor's effectiveness, the committee has considered its knowledge of the group, understanding of the accounting process and the extent to which the audit plan has progressed in line with expectation.

The committee is comfortable that the external auditor has been effective in adequately fulfilling its responsibilities and has the requisite qualifications, expertise and resources to discharge its duties.

Integrated accounting and property management system

IR 25

After several years operating an adequate yet modest accounting system, the group is now in the final stages of considering the implementation of a single integrated property reporting and financial management system. Once implemented this system should bring real benefits and efficiencies to the group, but its implementation will involve risks that need to be managed as the process progresses.

THE AUDIT COMMITTEE IS THE LONGEST-STANDING COMMITTEE OF THE BOARD AND HAS BEEN IN EXISTENCE SINCE THE INCEPTION OF THE GROUP.

Report of the Risk Committee

Jaco Jansen
Chairman of the Risk Committee

Members
Jaco Jansen (chairman), Ron Spencer, Gideon Oosthuizen and Pierre Goosen

Composition

The Risk Committee comprises three independent non-executive directors and one non-independent non-executive director.

The committee meets at least twice a year.

Key roles and responsibilities

The Risk Committee is responsible for ensuring that:

- An effective policy and plan for risk management is implemented that will enhance the group's ability to achieve its strategic objectives;
- The risk management plan is disseminated throughout the group and integrated in the day-to-day activities at all levels;
- Close liaison is maintained with the Audit Committee to exchange information relevant to risk;
- Risk monitoring is undertaken by management and its effectiveness assessed; and
- Disclosure regarding risk is comprehensive, timely and relevant.

Risk management process

The group faces numerous risks that could disrupt its strategic and operational objectives. It therefore uses risk management to take better informed decisions and maximise the chances of achieving its strategic and operational objectives.

The group considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk provides an essential contribution to achieving the group's strategic and operational objectives and goals. Risk management is an integral part of the group's decision-making and routine management, and is incorporated in the strategic and operational planning processes at all levels across the group.

The risk identification process is a two-tiered process: a top-down approach is tailored to the identification of key strategic risks; and a predominantly bottom-up approach determines the key operational risks the group is exposed to. Such risks are assessed to determine the potential impact on the organisation and an exercise is undertaken to measure the level of inherent risk faced by the group. Controls are designed to mitigate the assessed level of risk, which are implemented and monitored on a regular basis. Formal feedback is given to the Risk Committee, and in turn to the board.

To assist with the bottom-up identification of risks, an operational risk register is maintained. This is updated as operational risks are identified and considered during the ordinary course of business. This register is reviewed by the Risk Committee at each meeting.

External audit serves to assist the Risk Committee and the board in assessing the effectiveness of the controls that have been implemented to control risk. However, at this stage the group has not established an internal audit function. It is considered unnecessary for an organisation at MAS's present stage of development, but the need for such a function is continually reviewed.

The key risks and uncertainties facing the organisation are identified on pages 24 – 25.

Managing risk is the ultimate responsibility of the board of directors. Without abdicating this responsibility, the board has delegated this to the Risk Committee, which has adopted a comprehensive risk management policy which advocates the following approach to risk management:

Report of the Remuneration Committee

Composition

The Remuneration Committee consists of two independent non-executive directors, one non-independent non-executive director and one executive director.

The committee meets at least once per year.

Key roles and responsibilities

The Remuneration Committee is responsible for:

- Reviewing and setting the remuneration for all levels of the group;
- Considering and reviewing the establishment and participation in any share incentive scheme for all employees of the group;
- Overseeing the establishment of a remuneration policy that will promote achieving strategic objectives and encouraging individual performance;
- Reviewing the outcomes of the remuneration policy to determine whether its objectives are being achieved;
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- Evaluating the performance of the chief executive and other executive directors, both as directors and as executives, to determine their remuneration as well as that of non-executive directors; and
- Regularly reviewing incentive schemes to ensure their continued contribution to shareholder value.

For the year ended 30 June 2015

On behalf of the Remuneration Committee and the board of directors I am pleased to present the remuneration report for the year ended 30 June 2015.

It has been an extremely busy period for the Remuneration Committee. Until the internalisation of MAS Property Advisors Limited, the group was only concerned with the remuneration of non-executive directors as the executive function had been outsourced. The internalisation effectively required the establishment of a comprehensive executive remuneration policy and philosophy.

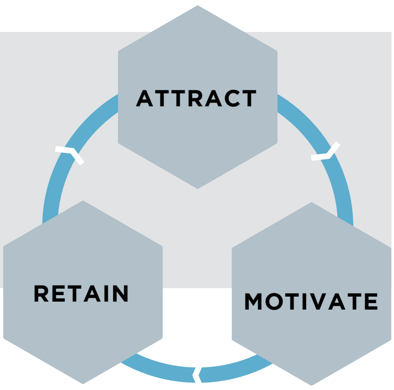
This report sets out the remuneration policy and strategy of the board with respect to employees and executive management, as well as non-executive directors.

Gideon Oosthuizen
Chairman of the Remuneration Committee

Members
Gideon Oosthuizen (chairman), Morné Wilken, Lukas Nakos and Ron Spencer

Remuneration philosophy

We want to ensure the group attracts appropriate talent, and rewards employees and executive directors so as to keep them engaged and motivated to drive the group to meet its strategic objectives. IR 28



Report of the Remuneration Committee (continued)

To achieve this, the guiding principles of the remuneration policy are as follows:
- Simplicity and ease of measurement;
- Aligning and incentivising management to achieve superior performance in line with the group's strategic objectives; and
- A remuneration package which incorporates a balance of fixed and variable components to align both short and long-term interests in the business.

The philosophy regarding fixed and variable remuneration is as follow:

Component	Type	Philosophy
Fixed	Basic salary	The purpose of basic salary is to retain the right people for the job. The level of salary offered is intended to retain high-calibre individuals, with an appropriate degree of expertise and experience.
Variable	Short-term incentive (STI)	The purpose of STI is to reward performance that supports the group's key strategic priorities. The level of STI reflects both group performance and the contribution of the executive team in terms of annually tailored targets.
Variable	Long-term incentive (LTI)	LTI is designed to ensure that participants are focused on sustained long-term performance, aligning their interests with those of shareholders.

AFS N27

Remuneration of executive directors

An overview of executive director remuneration for the year ended 30 June 2015 is as follows:

GBP	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive
Lukas Nakos	CEO	113 978	–	–	–
Malcolm Levy*	CFO	106 855	–	–	–
Jonathan Knight	CIO	42 742	–	–	–
Total		263 575	–	–	–

EUR equivalent**	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive
Lukas Nakos	CEO	152 149	–	–	–
Malcolm Levy*	CFO	142 641	–	–	–
Jonathan Knight	CIO	57 056	–	–	–
Total		351 846	–	–	–

* In addition, directors fees of €24 940 were paid directly to MAS Property Advisors (2014: €103 579). These fees ceased from a group perspective on 15 October 2014, when Malcolm Levy became an employee of the group.

** An average rate of 1,3349 EUR:GBP for the year has been assumed.

The group internalised the investment adviser, MAS Property Advisors Limited, in October 2014, at which point the employees, including the executive management, became employees of the group. To date, the executive management have only been paid a base salary, do not receive any benefits, and no variable short or long-term incentive scheme has been established.

However a detailed process is underway to establish a geared equity purchase scheme. This will form the basis of both the short-term and the long-term incentivisation of the executive management.

The objective of the proposed scheme is to incentivise management to seek to maximise the share price as well as the distributions payable in respect of the shares acquired by them. The principal alignment of management would be to the share price, given the relative weighting of LTI to STI.

This principle behind this scheme is that the group will lend funds to the executive directors at the marginal cost of debt to the group, for the exclusive purpose of investing in new shares of MAS Real Estate Inc.

Prior to the establishment and implementation of the scheme, the following steps will be undertaken:

i. Formal approval will be obtained from the Luxembourg Stock Exchange (LuxSE) in terms of the LuxSE's rules and regulations, and from the JSE in terms of the JSE Listings Requirements;
ii. Thereafter, shareholder approval will be obtained at a shareholders' meeting of the company.

All executive directors have entered into service contracts with the group. These contracts can be terminated by either party by giving the other not less than six months' notice in writing.

At year-end, the executive directors had the shareholdings listed in the table below:

		As at 30 June 15		As at 30 June 14	
Executive director	**Role**	**Share-holding direct**	**Share-holding indirect**	**Share-holding direct**	**Share-holding indirect**
Lukas Nakos	CEO	**106**	**100 659**	104	100 659
Malcolm Levy	CFO	**11 632**	**1 462 699**	10 379	—
Jonathan Knight	CIO	**504 964**	**—**	n/a	n/a
Total		**516 702**	**1 563 358**	10 483	100 659

Jonathan Knight has a contract of employment with Corona Real Estate Partners Limited, a service provider to MAS Property Advisors Limited. Corona Real Estate Partners Limited paid Jonathan Knight a basic salary of £42 652 in the year from 1 July 2014 to 30 June 2015 (euro equivalent of €56 936 at an average EUR:GBP exchange rate of 1,3349 for the year.)

There have been no changes in the shareholdings of the executive directors between year-end and the signature date of this report.

Remuneration of employees (excluding executive management)

The group strives to ensure that the remuneration of all staff below executive level is structured fairly. Employees receive market related salaries, with discretionary bonuses being awarded annually for exceptional performance. A geared equity purchase scheme has been proposed and its establishment is in process. The principles of this scheme are the same as those outlined above for executive directors.

Training and development is considered a vital component in motivating and retaining staff. To this end, detailed semi-annual reviews of all staff are undertaken to assess their performance over the preceding period and to set objectives for the next period. Base salary adjustments are typically in line with inflation, unless the performance of the staff member warrants a bigger increase. Staff members are encouraged and incentivised to continually develop their knowledge and expertise at both professional and educational levels.

All staff members are appointed in terms of written employment contracts, the notice period of which varies depending upon the seniority of each member.

Remuneration of non-executive directors

At year-end, the non-executive directors had the following shareholdings:

		As at 30 June 15		As at 30 June 14	
Executive director	**Role**	**Share-holding direct**	**Share-holding indirect**	**Share-holding direct**	**Share-holding indirect**
Ron Spencer	Chairman	10 970	—	10 764	—
Morné Wilken	NED	53 823	226 560	n/a	n/a
Pierre Goosen	NED	—	783 677	n/a	n/a
Gideon Oosthuizen	NED	250 000	—	—	—
Jaco Jansen	NED	—	—	—	—
Total		314 793	1 010 237	10 764	—

There have been no changes in the shareholdings of the non-executive directors between year-end and the signature date of this report.

For the period to 31 December 2014, Ron Spencer, Gideon Oosthuizen and Jaco Jansen earned €9 500 each, being the pro-rata equivalent of an annual retainer of €19 000 each. With effect from 1 January 2015, remuneration of the group's chairman and non-executive directors comprises an annual retainer coupled with further fees related to duties and committee participation. Fees are reviewed annually and adjustments made in line with comparative and peer group entities. Such comparative entities have been selected on the basis of size, industry relevance and nature of the organisations. Non-executive directors will not participate in the group's proposed geared equity purchase scheme.

All non-executive directors are appointed in terms of letters of appointment.

The schedule upon which non-executive directors' fees are based, with effect from 1 January 2015, is as follows:

Euro	**Base level**
Base retainer:	
Board chair	20 000
Board – other non-executive members	17 500
Plus additional fees:	
Audit Committee – chair	7 500
Audit committee – other non-executive members	5 000
Risk Committee – chair and other non-executive members	2 500
Remuneration Committee – chair and other non-executive members	1 500
Nomination Committee – chair and other non-executive members	1 000

The non-executive director's remuneration for the year ended 30 June 2015 is as follows:

Euro	**Committees**	**Year ended 30 June 2015**
Ron Spencer *Chairman*	Audit, Risk, Remuneration, Nomination	24 500
Morné Wilken *NED*	Remuneration, Nomination	10 000
Pierre Goosen *NED*	Risk	10 000
Gideon Oosthuizen *NED*	Audit, Risk, Remuneration, Nomination	23 250
Jaco Jansen *NED*	Audit, Risk	23 250
Total		91 000

Report of the Nomination Committee

Ron Spencer
Chairman of the Nomination Committee

Members
Ron Spencer (chairman), Morné Wilken and Gideon Oosthuizen

Composition

The Nomination Committee comprises two independent non-executive directors and one non-independent non-executive director.

The committee meets at least once per year.

Key roles and responsibilities

The Nomination Committee is responsible for:

- Establishing a formal and transparent process for the identification and appointment of directors to the board and the evaluation of its composition;
- Ensuring the development of a formal succession plan for the board, the chief executive and senior management;
- Overseeing the development of a formal induction programme for new directors and a continuing professional development programme for existing directors;
- Ensuring that directors receive briefings on changes in risks, laws and the environment in which the group operates; and
- Considering and recommending to the board a replacement for chief executive should that become necessary.

For the year ended 30 June 2015

I am pleased to present the report of the Nomination Committee for the year ended 30 June 2015. The primary responsibility of the Nomination Committee is to assess the availability of skills on the board and to determine when appointments and retirements are appropriate.

In addition to this key responsibility, the committee also undertakes an annual performance evaluation of the board, the committees and individual directors. This is a process that is currently underway now that the year-end has passed. The committee is also currently focused on reviewing succession planning as well as leadership and talent development.

Composition of the board

The board has been strengthened with the appointment of two additional non-executive directors, Morné Wilken, CEO of Attacq Limited, has added significant real estate proficiency, and Pierre Goosen significant private equity experience. Their biographies on pages 32 – 33 give an indication of the value they bring to the group, and the extent to which they enhance the already diverse skill base. In addition, Jonathan Knight, the group's CIO, has also joined the board.

These appointments bring the number of directors on the board to eight, of which five are non-executive. The majority of the non-executive directors are independent.

R 32

Renewal of non-executive appointments

One-third of the directors retire by rotation at the shareholders' meeting. This year, Jaco Jansen and Lukas Nakos retire by rotation. Both have declared themselves available for re-election.

Developing people at MAS

The board recognises the importance of developing people and adding to the skills set on an ongoing basis. This is particularly relevant for succession planning in respect of senior positions in the group. Whilst the committee has not been in existence for long, there is already a focus on director training and the establishment of a formal induction process for new directors. The plan is not limited to employees at executive director level, but includes senior management likely to benefit from such training.

Public square, New Waverley, Edinburgh.

DIVERSIFICATION IS IMPORTANT.

Portfolio review

THE INVESTMENT PLATFORM AND PROCESS IS A CRITICAL SUCCESS FACTOR IN CREATING A SUSTAINABLE HIGH-QUALITY REAL ESTATE PORTFOLIO.

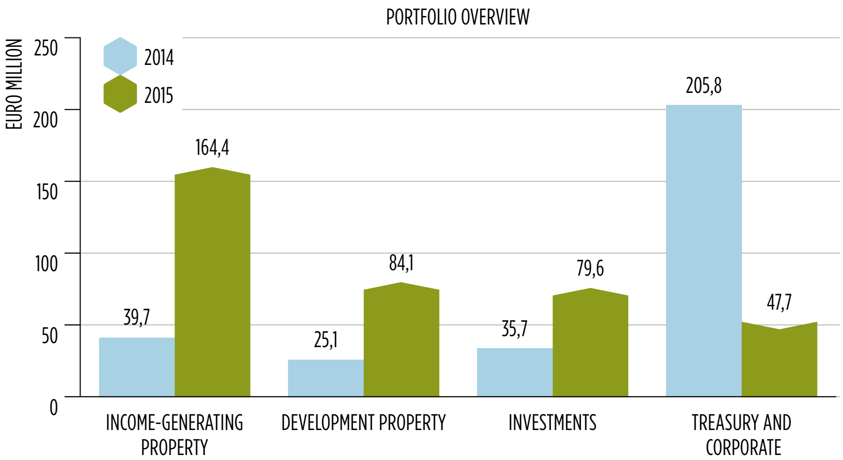
Gotha, Germany.

Whitbread hotels under construction, New Waverley, Edinburgh.

Real estate investment platform

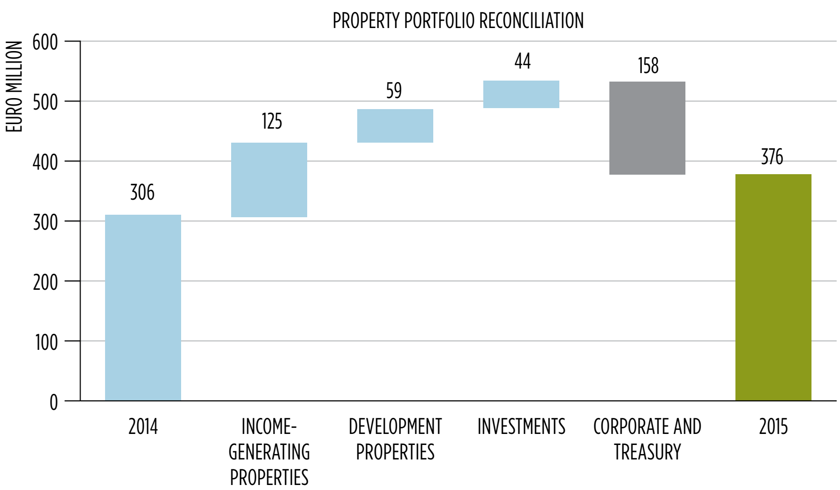
The investment platform and process is a critical success factor in creating a sustainable high-quality real estate portfolio. The investment process is overseen by the Investment Committee, which includes Jonathan Knight (CIO), Lukas Nakos (CEO) and Malcolm Levy (CFO). Standing invitees include Morné Wilken and Gideon Oosthuizen. The investment committee meets regularly to consider potential transactions and to discuss portfolio-related matters referred to it.

The investment committee in turn provides advice and makes recommendations to the board of MAS (BVI) Holdings Limited, the group investment company, which considers such recommendations on a case by case basis in line with the evolving strategy of the business.

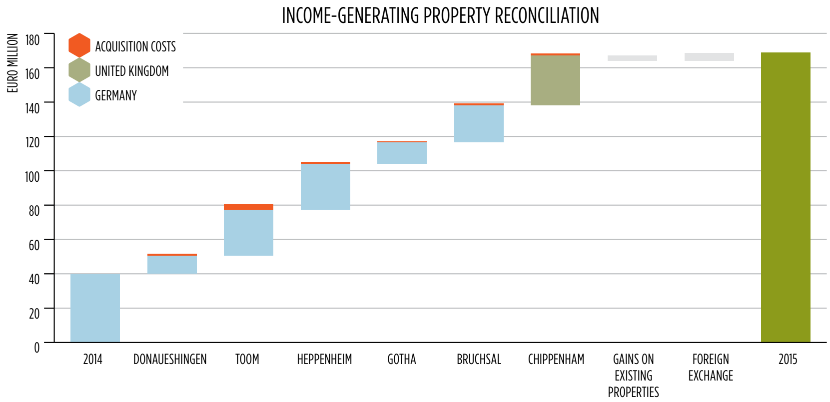


The property portfolio has grown substantially in the last 12 months as we have invested the capital that was raised in February 2014. In total we have invested, on a net basis and adjusted for exchange differences, a further €124,7 million in the income-generating property portfolio, €59,0 million in the development portfolio and €43,9 million in the investment portfolio.

A reconciliation of the overall portfolio movement over the year is as follows:



Income-generating property



Our major focus during the past year has been to expand the income-generating property portfolio. The acquisitions in Germany were primarily focused on increasing our retail holdings, where we added a total of €100,4 million of income-generating property in the period. These properties were acquired at a gross rental yield of 7,6%.

Our strategy has been to seek under-appreciated assets with long leases. We believe the DIY retail sector has been particularly undervalued by the market after recent restructuring and consolidation, and the combination of increasing domestic demand and home ownership in Germany makes these assets attractive now as well as in the future.

Diversification is also important. Accordingly, we have constructed a portfolio that is geographically spread throughout Germany, while also focusing on potential other uses for the sites acquired, in order to protect value in the future should tenants decide against extending their leases.

Our existing income-generating assets have continued to perform in line with our expectations, with the exception of the Sauchiehall property in Glasgow where the original lease has expired. We continue to work on re-letting this property and expect to have a tenant by the end of the 2015 calendar year. As far as the rest of the portfolio is concerned, we are satisfied with the current lease arrangements and do not expect any changes to lease agreements.

AFS N34

	Pre-existing income-generating property			Income-generating acquisitions in the year			Combined income-generating portfolio		
	WALT	Yield	Rent sqm (€)	WALT	Yield	Rent sqm (€)	WALT	Yield	Rent sqm (€)
United Kingdom	9,6	7,6%	49,5	8,2	8,1%	66,4	8,6	7,9%	60,4
Germany	14,4	7,1%	83,7	11,3	7,6%	107,6	11,5	7,6%	105,5
Switzerland	9,3	5,9%	219,7	—	—	—	9,3	5,9%	219,7

OUR EXISTING INCOME-GENERATING ASSETS HAVE CONTINUED TO PERFORM IN LINE WITH OUR EXPECTATIONS.

Toom, Gummersbach.

Bruchsal, Germany.

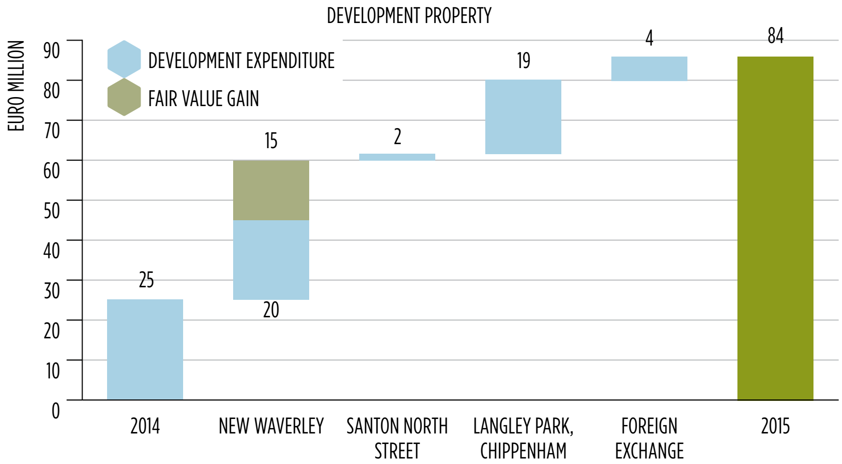
Portfolio review (continued)

IN THE UK THERE HAS BEEN MORE ACTIVITY ON THE DEVELOPMENT FRONT, WITH THE HIGHLIGHT BEING THE START OF THE CONSTRUCTION OF THE THREE HOTELS IN EDINBURGH.

Bauhaus, Donaueschinigen.

DPD property, Zurich.

Development property



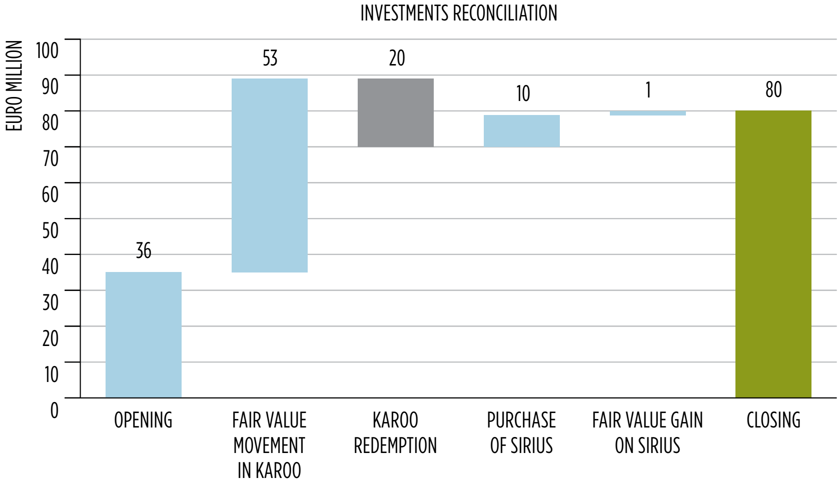
In the UK there has been more activity on the development front, with the highlight being the start of the construction of the three hotels in Edinburgh, UK. The two Whitbread hotels at New Waverley are expected to be completed in the first half of 2016, while the Adagio hotel should be completed in time for Christmas 2016. Having previously determined that cost was the best estimate of fair value of the New Waverley development, these hotels under construction have now been independently valued. This has resulted in a pleasing uplift of €11,2 million, net of fees payable to the developer. The remainder of the development continues to be carried at cost, which is considered the best approximation of fair value at this stage.

After several years of diligent work the planning application was submitted for the North Street Quarter in Lewes, UK. A decision is expected before the end of the calendar year.

The Chippenham property, acquired in December 2014, is our single largest investment to date. It consists of a substantial industrial warehouse and office park close to the town centre of Chippenham, near Bath, UK. We look to benefit from active asset management through lease extensions and further development of part of the site. The scheme will also profit from the electrification of the Great Western railway line which will reduce the travelling time from Chippenham to London Paddington to less than 50 minutes.

Development	Key milestones
New Waverley	Completion of two Whitbread Hotels – April 2016
	Completion of the Adagio Hotel and the remaining parts of phase 1 – December 2016
North Street Quarter	Results of planning application – Early 2016
Langley Park	Submission of planning application – Early 2016

Investments



Our investments performed exceptionally well during the year, generating a gain of €21,9 million. This was driven in particular by the impressive performance of the Karoo Fund.

The Karoo Fund is now approaching its ultimate termination date in January 2016. During the year we received redemptions of €12,2 million on 30 October 2014 and €8,0 million on 21 February 2015. The increase of 38,2% in the carrying value, after redemptions, is testament to the performance of the investment. In addition, our initial investment of €10,2 million in Sirius Real Estate has also generated a gain of €1,1 million during the reporting period.

Treasury portfolio

Due to the low levels of interest available on cash balances, the board considered it appropriate to invest €30 million in a portfolio of liquid listed European real estate securities. The portfolio was substantially liquidated pre-year end as the company felt that equity risk had increased past our risk threshold. This portfolio performed well, achieving a gain of €4,3 million during the year.

In June 2015, market volatility precipitated the liquidation of the portfolio, which was substantially completed by year-end.

Expanding the portfolio

We expect that the 2016 financial year will be even more active than its predecessor.

In the UK the focus will be on the continued development and completion of phase 1 of the New Waverley site. We also expect to receive a response on the North Street Quarter planning application by the end of the 2015 calendar year. Langley Park will be the most active part of the existing UK portfolio, as we work towards submission of our planning for the redevelopment of the site.

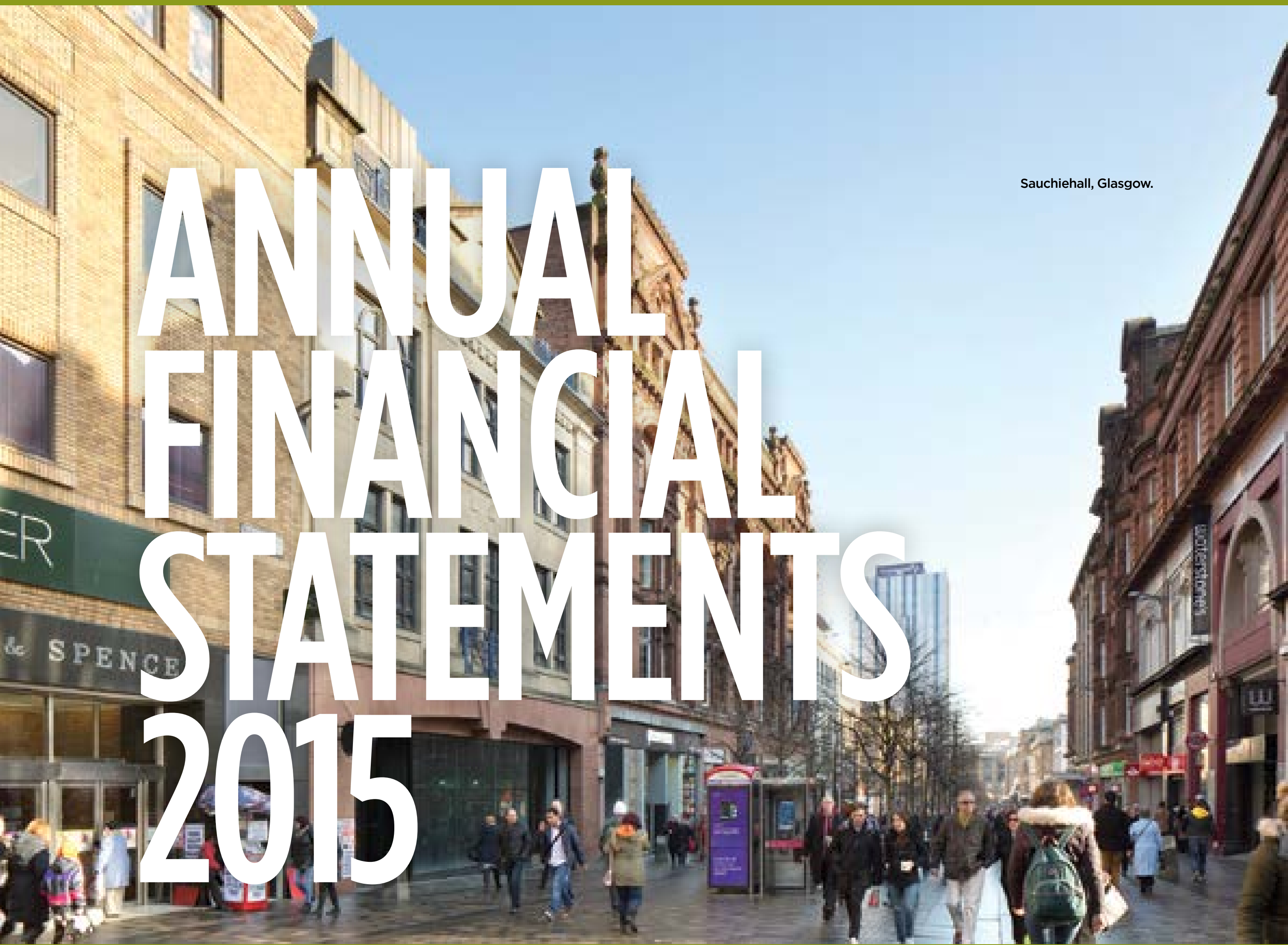
The focus of income-generating acquisitions is likely to remain centred on Germany. We don't believe that the current pricing environment in Switzerland offers any further value, despite the low cost of debt financing. We continue to be careful in our acquisitions strategy by only acquiring properties that are accretive to value – a strategy on which we place a high level of confidence.

Low levels of inflation and in some cases, deflation, have made the prospect of index-linked escalations in rentals unlikely in the near term, particularly in Germany and Switzerland. We therefore expect organic growth to come solely from the active management of our assets.

IN THE UK THE FOCUS WILL BE ON THE CONTINUED DEVELOPMENT AND COMPLETION OF PHASE 1 OF THE NEW WAVERLEY SITE.

Braehead, Glasgow.

ANNUAL FINANCIAL STATEMENTS 2015



Sauchiehall, Glasgow.

Contents

Report of the directors

The directors present their annual report and the consolidated financial statements for the year ended 30 June 2015.

MAS Real Estate Inc. is a BVI company registered under the BVI Business Companies Act, 2004.

Results

During the year under review, the group made a profit of €48 474 908 (2014: €5 060 236).

Prospects and distribution

The directors are confident about the outlook for the business in the coming year.

During the year, an interim distribution of 1,15 euro cents per share was paid and the board has proposed a final distribution of €6 445 604, or 2,20 euro cents per share based upon the number of shares in issue at year-end. This brings the total annual distribution to 3,35 euro cents per share, from 1,84 euro cents per share in the prior financial period. Further details regarding the distribution payment will follow in due course.

Directors

The directors at 30 June 2015 and to date are as follows:
Ron Spencer (independent non-executive chairman)
Jaco Jansen (independent non-executive)
Gideon Oosthuizen (independent non-executive)
Lukas Nakos (executive)
Malcolm Levy (executive)
Jonathan Knight (executive) appointed 12 August 2014
Morné Wilken (non-executive) appointed 12 August 2014
Pierre Goosen (non-executive) appointed 12 August 2014

Company secretary

Helen Cullen

Auditor

Our Auditor, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office.

Signed on behalf of the board of MAS Real Estate Inc.

Ron Spencer
Chairman

10 September 2015

Correspondence address:
25 Athol Street
Douglas, IM1 1LB
Isle of Man

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations, LuxSE's rules and regulations and the JSE Listings Requirements. In addition, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the IASB.

The financial statements are required by law to give a true and fair view of the state of affairs of the group for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Comply with the LuxSE's rules and regulations and with the JSE Listings Requirements;
- State whether they have been prepared in accordance with International Financial Reporting Standards as as issued by the IASB; and
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Report of the independent Auditor, KPMG LLC, to the shareholders of MAS Real Estate Inc.

We have audited the financial statements of MAS Real Estate Inc (the "company") and its subsidiaries (collectively the "group") for the year ended 30 June 2015 which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the IASB ("IFRS").

This report is made solely to the company's shareholders, as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 50, the directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the integrated annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2015 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs.

KPMG Audit LLC
Chartered Accountants

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

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

Euro	Note	Year ended 30 June 2015	Sixteen month period ended 30 June 2014 Restated*
Revenue			
Rental income	4	**8 733 519**	5 247 429
Service charge	4	**589 637**	—
Expenses			
Portfolio related expenses		**(2 036 856)**	(665 096)
Investment adviser fees	27	**(1 249 295)**	(2 410 812)
Administrative expenses	5	**(2 423 870)**	(884 564)
Net operating income		**3 613 135**	1 286 957
Fair value adjustments	6	**27 877 364**	707 528
Disposal of investment property	6	**—**	1 008 336
Exchange differences	7	**17 660 295**	3 931 722
Equity accounted earnings	13	**—**	1 479
Profit before net finance costs		**49 150 794**	6 936 022
Finance income	8	**4 676**	199 348
Finance costs	8	**(581 374)**	(876 699)
Profit before taxation		**48 574 096**	6 258 671
Taxation	9	**(99 188)**	(1 198 435)
Profit for the year/period		**48 474 908**	5 060 236
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation difference	19	**6 575 768**	156 323
Total comprehensive income for the year/period		**55 050 676**	5 216 559
Earnings per share (euro cents)	28	**16,87**	2,76
Diluted earnings per share (euro cents)	28	**16,87**	2,76

The notes on pages 56 to 102 form part of these consolidated financial statements.

* See note 29

Consolidated statement of financial position

For the year ended 30 June 2015

Euro	Note	As at 30 June 2015	As at 30 June 2014 Restated*	As at 28 February 2013 Restated*
Non-current assets				
Goodwill	10	**29 351 139**	1 371 537	—
Investment property	11	**248 538 806**	64 751 842	57 012 693
Investments	12	**12 346 864**	35 743 617	—
Investment in associate	13	**—**	—	1 055 174
Loan to associate		**—**	—	2 433 270
Property, plant and equipment		**15 136**	—	47 577
Deferred taxation asset	9	**737 015**	52 886	—
Total non-current assets		**290 988 960**	101 919 882	60 548 714
Current assets				
Investments	12	**67 221 894**	—	—
Short-term loans receivable	14	**—**	—	256 885
Trade and other receivables	15	**4 527 803**	2 270 221	753 610
Treasury investments	16	**2 604 979**	—	—
Cash and cash equivalents	17	**45 111 775**	205 800 188	24 708 091
Total current assets		**119 466 451**	208 070 409	25 718 586
Total assets		**410 455 411**	309 990 291	86 267 300
Equity				
Share capital	18	**305 671 992**	289 978 080	67 423 236
Retained earnings/(loss)		**40 269 910**	(1 276 580)	(3 674 324)
Foreign currency translation reserve	19	**7 198 696**	622 928	466 605
Shareholder equity		**353 140 598**	289 324 428	64 215 517
Non-current liabilities				
Interest bearing borrowings	20	**14 779 769**	14 340 752	17 465 162
Financial instruments	21	**6 545 482**	2 104 606	2 522 790
Deferred taxation liability	9	**1 143 646**	926 285	—
Total non-current liabilities		**22 468 897**	17 371 643	19 987 952
Current liabilities				
Interest bearing borrowings	20	**968 120**	1 757 425	491 460
Financial instruments	21	**26 378 571**	—	—
Trade and other payables	22	**4 795 360**	1 536 795	1 572 371
Deferred consideration	23	**2 703 865**	—	—
Total current liabilities		**34 845 916**	3 294 220	2 063 831
Total liabilities		**57 314 813**	20 665 863	22 051 783
Total shareholder equity and liabilities		**410 455 411**	309 990 291	86 267 300
Actual number of ordinary shares in issue	18	**291 787 889**	279 483 999	66 238 363
Net asset value per share (euro cents)		**121,0**	103,5	96,9
Adjusted net asset value per share (euro cents)#		**121,2**	103,8	96,9

* See note 29

Net asset value per share as adjusted for deferred taxation

The notes on pages 56 to 102 form part of these consolidated financial statements.

These consolidated financial statements were approved by the board of directors on 10 September 2015 and signed on their behalf by:

Ron Spencer

Lukas Nakos

Consolidated statement of cash flows

For the year ended 30 June 2015

Euro	Note	Year ended 30 June 2015	Sixteen month period ended 30 June 2014 Restated*
Operating activities			
Profit for the year/period		**48 474 908**	5 060 236
Adjustments for:			
Depreciation	5	**18 884**	14 941
Fair value adjustments	6	**(27 877 364)**	(707 528)
Exchange differences	7	**(17 660 295)**	(3 931 722)
Finance income	8	**(4 676)**	(199 348)
Finance costs	8	**581 374**	876 699
Share of earnings in associate		**—**	(1 479)
Gain on disposal of investment property		**—**	(1 008 336)
Taxation expense	9	**99 188**	1 198 435
Changes in:			
Trade and other receivables		**(2 257 582)**	(1 516 611)
Trade and other payables		**3 258 565**	(35 576)
Cash generated from/(used in) operating activities		**4 633 002**	(250 289)
Taxation paid	9	**(371 447)**	(325 036)
Net cash from/(used in) operating activities		**4 261 555**	(575 325)
Investing activities			
Acquisitions of investment property and capitalised development costs	11	**(162 632 461)**	(4 424 841)
Acquisition of subsidiary net of cash acquired	10	**(12 500 000)**	(2 015 573)
Acquisition of investments	12	**(10 178 432)**	—
Acquisition of treasury investments	16	**(30 000 000)**	—
Proceeds from the sale of investment property		**—**	10 148 032
Proceeds from the sale of investments	12	**20 214 050**	—
Proceeds from the sale of treasury investments	16	**31 696 715**	—
Repayment of short term loans	14	**—**	(256 885)
Interest received	8	**4 676**	112 953
Cash (used in)/from investing activities		**(163 395 452)**	3 563 686
Financing activities			
Proceeds from the issue of share capital	18	**—**	180 391 564
Proceeds from borrowings		**—**	440 718
Repayment of borrowings		**(1 789 650)**	(2 578 100)
Interest paid	8	**(581 374)**	(876 699)
Distributions paid		**(3 721 477)**	(167 909)
Cash (used in)/generated from financing activities		**(6 092 501)**	177 209 574
Net (decrease)/increase in cash and cash equivalents		**(165 226 398)**	180 197 935
Cash and cash equivalents at the beginning of the year/period		**205 800 188**	24 708 091
Effect of movements in exchange rate fluctuations		**4 537 985**	894 162
Cash and cash equivalents at the end of the year/period		**45 111 775**	205 800 188

The notes on pages 56 to 102 form part of these consolidated financial statements.

* See note 29

Consolidated statement of changes in equity

For the year ended 30 June 2015

Euro	Note	Share capital	Retained (loss)/ earnings Restated*	Foreign currency translation reserve	Total
Balance at 1 March 2012		42 154 015	(1 295 506)	683 935	41 542 444
Comprehensive income for the year					
Loss for the year		—	(886 893)	—	(886 893)
Other comprehensive loss		—	—	(217 330)	(217 330)
Total comprehensive loss for the year		—	(886 893)	(217 330)	(1 104 223)
Transactions with the owners of the group					
Issue of shares		25 269 221	—	—	25 269 221
Distributions		—	(1 491 925)	—	(1 491 925)
Total transactions with the owners of the group		25 269 221	(1 491 925)	—	23 777 296
Balance at 28 February 2013		67 423 236	(3 674 324)	466 605	64 215 517
Comprehensive income for the period					
Profit for the period		—	5 060 236	—	5 060 236
Other comprehensive income		—	—	156 323	156 323
Total comprehensive income for the period		—	5 060 236	156 323	5 216 559
Transactions with the owners of the group					
Issue of shares	18	222 554 844	—	—	222 554 844
Distributions		—	(2 662 492)	—	(2 662 492)
Total transactions with the owners of the group		222 554 844	(2 662 492)	—	219 892 352
Balance at 30 June 2014		289 978 080	(1 276 580)	622 928	289 324 428
Comprehensive income for the year					
Profit for the year		**—**	**48 474 908**	**—**	**48 474 908**
Other comprehensive income		**—**	**—**	**6 575 768**	**6 575 768**
Total comprehensive income for the year		**—**	**48 474 908**	**6 575 768**	**55 050 676**
Transactions with the owners of the group					
Issue of shares	18	**15 693 912**	**—**	**—**	**15 693 912**
Distributions		**—**	**(6 928 418)**	**—**	**(6 928 418)**
Total transactions with the owners of the group		**15 693 912**	**(6 928 418)**	**—**	**8 765 494**
Balance at 30 June 2015		**305 671 992**	**40 269 910**	**7 198 696**	**353 140 598**

The notes on pages 56 to 102 form part of these consolidated financial statements.

* See note 29

Notes to the annual financial statements

For the year ended 30 June 2015

1. Reporting entity

MAS Real Estate Inc. (the "company") is domiciled in the British Virgin Islands. These consolidated financial statements as at and for the year ended 30 June 2015 comprise the company and its subsidiaries (together referred to as the "group" or "MAS" and individually as "group entities").

MAS is a real estate investment group 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 its acquisition, development and asset management strategy. The current investment focus of the group is in Germany, Switzerland and the UK.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Johannesburg Stock Exchange ("JSE") Listings Requirements, the Luxembourg Stock Exchange ("LuxSE") rules and regulations and applicable legal and regulatory requirements of the BVI Business Companies Act 2004.

In the prior reporting period the group prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. However, as a result of the company transferring its listing to the Main Board of the JSE, the group has prepared these consolidated financial statements in accordance with IFRS.

In accordance with IFRS 1 the group's accounting policies were assessed and it was concluded the change to IFRS did not materially affect the accounting policies or the manner in which the financial statements are prepared or presented, as such there have been no adjustment to prior reported figures as a result of this change. In accordance with IFRS 1 this has been explained further in note 32.

In accordance with JSE Listings Requirement 8.62 (d) the company's own financial statements have not been disclosed as they do not contain significant additional information that is not included in these consolidated financial statements.

Basis of measurement

These financial statements are prepared on the historical cost basis except for the following items that are measured on the fair value basis:

- Derivative financial instruments (see note 21)
- Financial instruments classified as fair value through profit or loss ("FVTPL") (see notes 12, 16 and 21); and
- Investment property (see note 11).

The group uses observable market data as far as it is available to measure the fair values of assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based upon the inputs used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data.

Where the inputs used in the valuation technique fall into more than one category in the fair value hierarchy, the asset or liability is categorised into the lowest level input that is significant in the valuation of that asset or liability.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

Use of judgement and estimation uncertainty

In the preparation of these consolidated financial statements the directors have made judgements, estimates and assumptions that affect the application of the group's accounting policies and the reported amounts in the financial statements. The directors continually evaluate these judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses based upon historical experience and on other factors that they believe to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions.

- **Taxation:** The group is subject to income tax across the jurisdictions where it operates. There are assumptions made in the computation of the provision for taxation across the operating subsidiaries (see note 9).
- **Deferred taxation:** The group recognises deferred taxation assets to the extent that there are forecast future taxable profits against which the carry forward tax losses can be used. Judgements and estimations are made to assess the future taxable profits of the group (see note 9).
- **Provision for bad debt:** The group has a number of outstanding receivables in relation to its trading activity. Estimations have been made in assessing the likelihood of recoverability (see note 15).
- **Investment property:** Valuation of investment property is determined by property valuation experts, except where fair value cannot be reliably determined. The property valuation experts use recognised valuation techniques and apply the principles of IFRS 13. The significant methods and assumptions used by the valuers in estimating fair value are set out in note 11.

  Where there is not a reliably determinable fair value the group uses costs less impairment as a reasonable approximation of fair value. The directors have assessed the value of development property and no impairment has been recognised.
- **Investments:** In determining the fair value of investments classified as fair value through profit or loss, the group is required to make estimations of unobservable inputs in determining the investment's fair value. The significant methods and assumptions used in estimating fair value are set out in notes 12 and 16.
- **Impairments:** The group annually reviews the

recoverable amount of Cash Generating Units ("CGU's") to which goodwill has been allocated. The group uses assumptions in determining the recoverable amount, which is an estimate and may differ from that indicated in the financial statements (see note 10).
- **Determination of whether the acquisition of an investment property is a business combination:** The group applies judgment to the acquisition of investment property to determine whether the acquisition is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3. The group has determined the acquisitions of investment property in the year are not business combinations, rather acquisitions of investment property assets (see note 11).

Functional and presentation currency

These consolidated financial statements are presented in euro.

Change in accounting policy

The group has applied IFRS 9 (2013) ("IFRS 9") in the current and prior reporting period. Although this standard is effective for annual periods beginning on or after 1 January 2018, the group has early adopted as at 1 July 2014. The new standard includes the following categories for the classification and measurement of financial assets:
- **Financial assets at amortised cost:** Financial assets held within a business model whose objective is to hold assets in order to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through other comprehensive income:** Financial assets include investments in equity instruments that are not held for trading and where the fair value option is elected.
- **Financial assets at fair value through profit or loss ("FVTPL"):** Financial assets acquired for realising capital gains from fluctuations in market prices.

The impact of the early adoption of IFRS 9 has been summarised in note 29.

New and amended standards and interpretations not yet adopted

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

Amendments/improvements to standards and interpretations not yet effective	IASB effective for annual periods beginning on or after
IFRS 14 Regulatory Deferral Accounts	1 January 2016
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
Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018

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

3. Significant accounting policies

Basis of consolidation

i. Subsidiaries

These consolidated financial statements include the financial statements of the company and its subsidiary undertakings for the period under review.

The group accounts for business combinations under the acquisition method when control of the entity is obtained. The consideration transferred on acquisition of the entity and the identifiable assets and liabilities of the entity are measured at fair value. Transaction costs in relation to the acquisition are expensed unless they relate to the issue of new debt or equity. Any goodwill arising on the acquisition is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss.

Subsidiaries are the group entities controlled by the group. Control exists where the group is exposed to, or has the right to, variable returns from its involvement in an entity and has an ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date control ceases.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

3. Significant accounting policies (continued)

Basis of consolidation (continued)

i. Subsidiaries (continued)
When the group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value at the date control was lost.

ii. Investments in associates
Equity accounted investees comprise investments in associates. Associates are entities in which the group has significant influence over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost including transaction costs. On subsequent measurement the group recognises its share of profit or loss and Other Comprehensive Income ("OCI") of the equity accounted associate until the date on which significant influence ceases.

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

iii. Transactions eliminated on consolidation
Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated, in the same way as unrealised gains, to the extent that there is no evidence of impairment.

Foreign currency

i. Foreign currency transactions
Transactions in foreign currencies are translated in to the functional currency of the group at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate at the date the fair value was determined. Foreign currency differences are recognised in profit or loss. Non-monetary items that are measured based on the historical cost in a foreign currency are not translated.

ii. Foreign operations
The financial statements of entities that use a functional currency other than euros, are translated into euros at the reporting date. The assets and liabilities including goodwill and fair value adjustments arising on acquisition are translated using the exchange rates at the reporting date. Items in the consolidated statement of comprehensive income and consolidated statement of cash flows are translated into euro using the actual, or average rates if they approximate the actual, of exchange for the transactions.

The resulting translation adjustments are recorded in other comprehensive income and accumulated in the foreign currency translation reserve. Cumulative translation adjustments are recognised as income or expense upon partial or complete disposal of a foreign operation. Exchange differences arising from the translation of the net investment in foreign operation are recognised in other comprehensive income. These are recycled and taken to the profit or loss upon disposal of the operation.

Financial instruments

i. Financial assets
The group classifies its financial assets into the following categories: financial assets at amortised cost and financial assets at fair value. Financial assets are recognised when the group becomes party to the contractual provisions of the asset.

Financial assets at amortised cost
Financial assets are classified as financial assets at amortised cost only if both of the following criteria are met: the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest is the consideration for the time value of money and credit risk associated with the principal amount outstanding.

The group may classify financial assets that meet the criteria to be classified as financial assets at amortised cost as financial assets at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise if the financial asset were measured at amortised cost.

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

Financial assets classified as financial assets at amortised cost comprise: Trade and other receivables and cash and cash equivalents.

Financial assets at fair value
A financial asset is classified as fair value if it does not meet either criteria for classification of a financial asset at amortised cost. The group initially recognises these financial assets at trade date, and attributable transaction costs are recognised in profit or loss as

incurred. Financial assets at fair value through profit or loss are subsequently measured at fair value, and changes therein are recognised in profit or loss in the period in which they occur.

The group may irrecoverably elect on initial recognition to present changes in the fair value of an individual financial asset in other comprehensive income. The group only makes this election if the financial asset is an equity instrument that is not held for trading.

For equity investments for which the election is made, gains and losses recognised in other comprehensive income are not transferred to profit or loss on disposal. These gains and losses are reclassified to retained earnings.

Financial assets classified as fair value comprise equity and fund investments within the group's Investment and Treasury Investment.

Derecognition of financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

ii. Financial liabilities

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

Financial liabilities at amortised cost

All financial liabilities are classified as financial liabilities at amortised cost unless they meet the criteria for classification as financial liabilities at fair value.

These financial liabilities are initially recognised at fair value plus any directly attributable transactions costs at the settlement date. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities classified as financial liabilities at amortised cost comprise interest bearing borrowings and trade and other payables.

Financial liabilities at fair value

Financial liabilities are classified as financial liabilities at fair value if they are: financial liabilities that are held for trading; derivative financial instruments; financial liabilities designated as fair value; financial liabilities that arise when a transfer of a financial liability does not qualify for derecognition or when the continuing involvement applies; financial guarantees; and commitments to provide loans at a below-market interest rate.

The group may elect to designate financial liabilities as fair value financial liabilities that would otherwise meet the criteria to be classified as a financial liability at amortised cost, if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise if the financial liability were measured at amortised cost.

The group initially recognises financial liabilities at fair value at trade date, and attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are subsequently measured at fair value, and changes therein are recognised in profit or loss in the period in which they occur.

Financial liabilities classified as financial liabilities at fair value comprise derivative financial instruments included in financial liabilities.

Derecognition of financial liabilities

The group derecognises a financial liability when the contractual obligations of the liability expire, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

iii. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any taxation effects.

iv. Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that an incurred loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised to the extent that it is probable that the interest will be collected.

When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Finance income and finance costs

The group's finance income and costs include the following;

- Interest income
- Interest expense

Interest income or expense is recognised using the effective interest rate method.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

3. Significant accounting policies (continued)

Employee benefits

The group's employee's benefits comprise salary and annual leave. These short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Plant and equipment

Items of plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any gain or loss on disposal of plant and equipment is recognised in profit or loss.

Items of plant and equipment are depreciated on a straight-line basis over their estimated useful lives. It is considered that all items of plant and equipment have an estimated useful life of five years and a residual value of nil.

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill impairment reviews are undertaken at each reporting period end or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Investment property

Investment property comprises freehold and leasehold land and buildings and installed equipment held for the purpose of earning rental income and for capital appreciation. Investment property also includes property under construction for future use as investment property.

Investment properties are treated as long-term investments and are initially recognised at cost (including related transaction costs unless acquired as part of a business combination) and are subsequently carried at fair value, with any changes therein recognised in profit or loss. Subsequent additions that produce future economic benefits to the group are capitalised.

Fair value is based on active market prices, adjusted, if necessary for differences in nature, location, and tenant, amongst others. If this information is not available the group uses alternative valuation methods such as discounted cash flows. Valuations are performed at the financial reporting date by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience of valuing that type of investment property.

Development property is initially recognised at cost, and subsequently remeasured to fair value. Where fair value cannot be determined reliably, but for which the group expects that the fair value will be reliably determinable when construction is further progressed, the group measures this at cost less impairment until such point in time that the fair value becomes reliably determinable. Where fair value cannot be reliably determined and there are indicators of impairment the assets recoverable amount is estimated. In this situation, the recoverable amount is determined as its value in use, as its fair value less costs to sell is not reliably determinable. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Any gains or losses arising from changes in fair value are included in the profit or loss. Gains or losses arising from the disposal of investment property, being the difference between the net disposal proceeds and the carrying amount, are recognised in profit or loss.

Borrowing costs and costs of construction

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commence when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. If the resulting carrying amount of the asset exceeds its value, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowing for development purposes or, with regard to that part of the development cost financed out of general funds, to the average rate.

All costs directly associated with the purchase and construction of a property are capitalised.

Impairment of non-financial assets

At each reporting date the group reviews the carrying amounts of its non-financial assets (other than investment property where a fair value is reliably determined, and deferred tax assets) to determine whether there is any indication of impairment. If an indication of impairment exists the recoverable amount is estimated.

For impairment testing, assets are grouped together into their smallest CGU's. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss where the carrying amount exceeds the recoverable amount.

Revenue recognition

Revenue is accounted for on an accrual basis and includes rental income and service charges.

Rental income from investment properties leased out under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the leases. Lease incentives granted are recognised as an integral part of the total rental income and amortised over the term of the leases.

Service charges in relation to maintenance are recognised in the reporting period in which the services are rendered. Where the group acts as principal, gross income is recorded as revenue and the related expense is recognised within portfolio related expenses.

Dividends from listed property investments are recognised on the date the group's right to receive payment is established. Interest earned on cash invested with financial institutions or amounts loaned to other parties is recognised on an accrual basis using the effective interest rate method.

Taxation

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

Current taxation

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

Current tax assets and liabilities are only offset if certain criteria are met.

Deferred taxation

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

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

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

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

Earnings per share

Basic and diluted earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Adjusted core income

Adjusted core income is the group's basis for determining semi-annual distributions. Core income is the group's measure of the underlying income, as represented by the cash rental and interest income received, less interest expenses, operating expenses that do not relate to capital raising and structure costs and taxation paid, that can be distributed to shareholders, as adjusted for further realised profit or losses on investment property, investment and treasury assets to the extent that the board deems it appropriate to distribute these.

Headline earnings per share

Headline earnings are derived from basic earnings, adjusted for re-measurements that relate to the platform of the group, per Circular 2/2013 issued by the South African Institute of Chartered Accountants.

Segment reporting

Segment results that are reported to the executive board members include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly central costs that relate to group structuring and operations not related to specific investments. In addition, unallocated balance sheet items relate predominantly to cash that has not been allocated to specific investments.

The risks and rewards faced by the group relate primarily to the business segment of the assets and therefore this forms the primary reporting segment. The geographical segment split is a secondary segment.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

4. Revenue

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Rental income	**8 733 519**	5 247 429
Service charge	**589 637**	—
	9 323 156	5 247 429

Revenue derived from the following tenants represent more than 10% of the group's revenue and is included within the income-generating property segment of the group:

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Toom Baumarket Gmbh	**1 650 000**	—
Die Bauhaus AG	**1 374 824**	—
DPD Schweiz AG	**1 180 220**	1 433 181
Howden Group LImited	**868 673**	1 042 733
Aldi	**576 332**	914 427
	5 650 049	3 390 341

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

Euro	As at 30 June 15	As at 30 June 14
No later than 1 year	**13 327 092**	3 006 044
Greater than 1 year and less than 5 years	**62 612 949**	20 819 926
Greater than 5 years	**121 736 011**	66 031 830
	197 676 052	89 857 800

5. Administrative expenses

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Employee benefits	**(872 799)**	—
Legal and professional expenses	**(737 135)**	(57 593)
Listing expenses	**(220 090)**	(148 712)
Corporate advisers	**(117 457)**	(54 970)
JSE	**(35 299)**	(37 185)
Transfer secretaries	**(51 242)**	(35 474)
Bourse de Luxembourg	**(9 950)**	(16 892)
Other	**(6 142)**	(4 191)
Office costs	**(132 250)**	—
Directors' fees	**(127 117)**	(179 578)
Audit and accounting fees	**(108 966)**	(275 674)
Company administration expenses	**(97 820)**	(12 997)
General expenses	**(77 006)**	(79 085)
Company secretarial expenses	**(31 803)**	(130 925)
Depreciation	**(18 884)**	—
	(2 423 870)	(884 564)

Legal and professional expenses include fees paid to Corona Real Estate Limited Partners of €331 228 (2014: nil), a related party (see note 27); and fees incurred by MAS Property Advisors Limited of €280 621 (2014: nil).

6. Fair value adjustments and disposal of investment property

Euro	Note	Year ended 30 June 15	Sixteen month period ended 30 June 14 Restated*
Fair value adjustments			
Gain on fair value of investments		**46 786 228**	1 186 890
Gain on fair value of treasury investments		**4 301 694**	—
Gain/(loss) on fair value of investment property		**5 718 442**	(623 630)
(Loss)/gain on fair value of financial instruments		**(28 929 000)**	144 268
		27 877 364	707 528
Disposal of investment property			
Gain on disposal of investment property		**—**	1 008 336
		—	1 008 336

Summarised as follows:

Euro	Note	Year ended 30 June 15	Sixteen month period ended 30 June 14 Restated*
Fair value of investments			
Karoo Fund	12	**45 651 311**	1 186 890
Sirius Real Estate Limited ("Sirius")	12	**1 134 917**	—
		46 786 228	1 186 890
Fair value of treasury investments			
Treasury investments	16	**4 301 694**	—
		4 301 694	—
Fair value of investment property			
United Kingdom	11	**11 837 028**	(729 799)
Germany	11	**(5 502 304)**	310 000
Switzerland	11	**(616 282)**	(203 831)
		5 718 442	(623 630)
Fair value of financial instruments			
Interest rate swap – Petrusse Capital S.a.r.l.	21	**(305 024)**	91 483
Interest rate swap – Inventive Capital S.a.r.l.	21	**(7 464)**	52 785
Attacq Limited financial liability	21	**(24 896 101)**	
Development management fee	21	**(1 488 165)**	—
Priority participating profit dividend	21	**(2 232 246)**	—
		(28 929 000)	144 268
Disposal of investment property			
United Kingdom	11	**—**	821 976
Germany	11	**—**	186 360
		—	1 008 336

* The group has early adopted IFRS 9, with retrospective application. These figures have therefore been restated. The impact of adopting IFRS 9 on the group's primary statements has been summarised in note 29.

7. Exchange differences

Exchange gains and losses arise from the revaluation of the monetary assets and liabilities. It is not the policy of the group to hedge currencies held between euro, sterling and Swiss franc. As a result, exchange differences arise predominantly from the intra-group funding of foreign subsidiaries (see note 27). In the current year, this totalled a gain of €17 660 295 (2014: €3 931 722).

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

8. Finance income and finance costs

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14 Restated*
Finance income		
Interest earned on bank deposits at amortised cost	**4 676**	86 395
Interest earned on loans at amortised cost	**—**	112 953
	4 676	199 348
Finance costs		
Interest paid on bank debt at amortised cost	**(581 374)**	(876 699)
	(581 374)	(876 699)

* The group has early adopted IFRS 9, with retrospective application. These figures have therefore been restated. The impact of adopting IFRS 9 on the group's primary statements has been summarised in note 29.

9. 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 SPV investment companies are held.

In the UK, the group provides for taxation in the investment SPV's at the rate of 20% of taxable profits, being net rentals less allowable property expenses and interest. In the current year, UK normal taxation of €241 594 (2014: €287 815) 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 €10 652 (2014: €8 951) 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 €119 201 (2014: €28 270) has been accrued.

Corporate taxation charge and deferred taxation

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Current year taxation	**(371 447)**	(325 036)
Deferred taxation income/(expense)	**272 259**	(873 399)
Taxation expense	**(99 188)**	(1 198 435)
Reconciliation of deferred taxation		
Deferred taxation brought forward	**873 399**	—
Current year deferred taxation	**(272 259)**	873 399
Foreign exchange movement in OCI	**(194 509)**	—
Deferred taxation liability carried forward	**406 631**	873 399

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

Euro	As at 30 June 15	As at 30 June 14
Deferred taxation on temporary differences between accounting and fiscal value of investment property	**737 015**	52 886
Deferred taxation asset	**737 015**	52 886
Deferred taxation on temporary differences between accounting and fiscal value of investment property	**1 143 646**	926 285
Deferred taxation liability	**1 143 646**	926 285
Net deferred taxation liability	**406 631**	873 399

Reconciliation of effective taxation rate

Euro	Year ended 30 June 15		Sixteen month period ended 30 June 14	
Profit before taxation		48 574 096		6 258 671
Taxation using the company's domestic rate	0,00%	—	0.00%	—
Effect of taxation rates in foreign jurisdictions	(0,76%)	(371 447)	(5,19%)	(325 036)
Change in recognised deductible temporary differences				
– Revaluation of investment property	2,14%	1 040 682	(3,03%)	(189 471)
– Change in taxation base	(1,58%)	768 423	(10,93%)	(683 928)
	(0,20%)	(99 188)	(19,15%)	(1 198 435)

10. Goodwill

The group's goodwill comprises:

Euro	As at 30 June 15	As at 30 June 14
New Waverley 10 Limited (previously Artisan Investment Projects 10 Limited)	**1 582 184**	1 371 537
MAS Property Advisors Limited	**27 768 955**	—
	29 351 139	1 371 537

Reconciliation of the group's carrying amount of goodwill:

	Year ended 30 June 15			Sixteen month period ended 30 June 14
Euro	MAS Property Advisors Limited	New Waverley 10 Limited	Total	New Waverley 10 Limited
Cost				
Opening balance	**—**	**1 371 537**	**1 371 537**	—
Acquisition of subsidiary	**24 970 329**	**—**	**24 970 329**	1 371 537
Foreign exchange movement in OCI	**2 798 626**	**210 647**	**3 009 273**	—
Closing balance	**27 768 955**	**1 582 184**	**29 351 139**	1 371 537
Accumulated impairment losses				
Opening balance	**—**	**—**	**—**	—
Acquisition of subsidiary	**—**	**—**	**—**	—
Foreign exchange movement in OCI	**—**	**—**	**—**	—
Closing balance	**—**	**—**	**—**	—
Carrying amount	**27 768 955**	**1 582 184**	**29 351 139**	1 371 537

Acquisition of subsidiary

On 15 October 2014 the group internalised the investment adviser by acquiring 100% of the share capital and voting rights of MAS Property Advisors Limited.

The group acquired the investment adviser due to identified cost reductions as a result of incurring the operating cost of the investment advisory services instead of a net asset based investment advisory fee. From the date of acquisition to 30 June 2015 the group has had a reduction of €4 888 667 in relation to investment adviser fees which would have been charged under the investment adviser agreement and incurred additional costs of €1 828 418 in the normal course of operations.

In the prior period on 19 August 2013 the group acquired a 62,5% interest in New Waverley 10 Limited, the remaining shares not owned by the group. The acquisition was treated as a step-acquisition, the group's pre-exiting carrying amount of New Waverley 10 Limited was determined to be the fair value. Accordingly no gain or loss was recognised as a result of the step-acquisition.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

10. Goodwill (continued)

Consideration transferred:

	2015		2014	
	MAS Property Advisors Limited		New Waverley 10 Limited	
	Sterling	Euro	Sterling	Euro
Cash	**9 889 006**	**12 500 000**	1 920 000	2 250 087
Equity instruments*	**9 889 006**	**12 500 000**	4 666 667	5 468 965
	19 778 012	**25 000 000**	6 586 667	7 719 052

* The group issued 9 751 326 ordinary shares (2014: 5 111 182) (see note 18).

The board of MAS (BVI) Holdings Limited was advised as to the reasonableness of the acquisition of the investment adviser by Java Capital.

The fair value of the ordinary shares issued was based on the listed share price of the company at 16 October 2014 of €1,28 per share (ZAR equivalent R19,95 per share) (2014: €1,07 per share (share (ZAR equivalent R15,81 per share)).

The group incurred acquisition-related costs of €59 788 (2014: nil) on legal and due diligence fees. These costs have been included in the profit or loss within administrative expenses.

The following table summarises the fair value of assets and liabilities that were acquired at the date of acquisition:

	2015		2014	
	MAS Property Advisors Limited		New Waverley 10 Limited	
	Sterling	Euro	Sterling	Euro
Property, plant and equipment	**23 473**	**29 671**	–	–
Investment property	**–**	**–**	9 191 005	10 679 948
Trade receivables	**–**	**–**	91 894	106 781
Cash and cash equivalents	**–**	**–**	201 819	234 514
Interest bearing borrowings	**–**	**–**	(7 055 920)	(8 198 979)
Foreign currency translation reserve	**–**	**–**	1 434	1 666
	23 473	**29 671**	2 430 232	2 823 930

There were no differences between the carrying amounts and the fair values of the assets and liabilities.

The group's pre-existing investment advisory contractual relationship with MAS Property Advisors Limited was determined to have been at market value and settled on acquisition. Accordingly, the carrying amounts of net assets acquired were determined to be the identifiable net asset at fair value.

The goodwill arising on the acquisitions has been recognised as follows:

	2015		2014	
	MAS Property Advisors Limited		New Waverley 10 Limited	
	Sterling	Euro	Sterling	Euro
Consideration transferred	**19 778 012**	**25 000 000**	6 586 667	7 719 052
Fair value of identifiable net assets	**(23 473)**	**(29 671)**	(2 430 232)	(2 823 930)
Additional debt acquired	**–**	**–**	(3 941 686)	(4 580 239)
Movement in foreign currency translation reserve	**–**	**–**	–	(1 695)
Fair value of pre-existing interest in New Waverley 10 Limited (see note 13)	**–**	**–**	910 799	1 058 349
	19 754 539	**24 970 329**	1 125 548	1 371 537

The goodwill arising on the acquisition of MAS Property Advisors Limited has been allocated to MAS Property Advisors Limited as a single cash generating unit and represents the future discounted cost savings to the group. The goodwill arising on New Waverley 10 Limited was allocated to the New Waverley development and represents a portion of the estimated future value above that of the current carrying amount of the New Waverley development.

Impairment

New Waverley 10 Limited

No impairment charge arose as a result of the group's annual impairment test of goodwill in relation to New Waverley 10 Limited (2014: nil).

The recoverable amount of the New Waverley 10 Limited CGU has been determined based on the New Waverley development appraisal by the group's external quantity surveyors, Gleeds, adjusted for: a total development management fee payable to New Waverley Advisers Limited; a total profit participation payable to New Waverley Holdings Limited; the fair value adjustment recognised by the group in respect of the pre-let hotels at the New Waverley development; and the development management fee and profit participation financial liability already recognised by the group.

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

MAS Property Advisors Limited

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

The recoverable amount of the MAS Property Advisors Limited CGU was based on the value in use, as determined using a discounted cash flow. The cash flow was forecast for a period of 9 years, which is the remaining term of the investment advisory agreement. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience adjusted for anticipated net asset growth of the group and increases in operating expense.

The following key assumptions were used in the impairment assessment:

Inputs	
Pre-tax discount rate	7,51%
Annual increase in revenue	5,00 – 6,00%
Annual increase in operating expenses	5,00%
Budgeted period	9 years

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

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

11. Investment property

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

Euro	As at 30 June 15	As at 30 June 14
Income-generating property	**164 390 519**	39 650 572
Development property	**84 148 287**	25 101 270
	248 538 806	64 751 842

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 30 June 15

	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	**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**

As at 30 June 14

	UK				Germany	Switzerland	
Euro	Mixed use	Industrial	Retail	Residential	Retail	Industrial	Total
Opening balance	8 474 979	7 531 550	5 445 890	7 183 940	9 750 000	18 626 334	57 012 693
Business combinations	9 808 953	—	—	—	—	—	9 808 953
Capitalised expenditure	4 424 841	—	—	—	—	—	4 424 841
Disposals	—	—	—	(7 183 940)	(2 160 000)		(9 343 940)
Fair value adjustment	—	232 761	(962 560)	—	310 000	(203 831)	(623 630)
Foreign exchange movement in OCI	2 392 497	595 279	382 700	—	—	102 449	3 472 925
Closing balance	25 101 270	8 359 590	4 866 030	—	7 900 000	18 524 952	64 751 842

Changes in fair values are recognised as gains and losses in fair value adjustments in profit or loss. There are no realised gains in the current year (2014: €1 008 336).

Investment properties are subject to operating leases. The group's investment property portfolio generated €8 733 519 (2014: €5 247 429) in rental income and €589 637 (2014: nil) in service charge income with portfolio related expenses of €2 036 856 (2014: €665 096) recognised in profit or loss.

Bank borrowings of €15 747 889 (2014: €16 098 177) are secured on investment property (see note 20).

The group has capital commitments of €44 045 990 in respect of capital expenditures contracted for at the reporting date (see note 31).

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 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 21 and 27.

The group has capitalised costs incurred from related parties amounting to €19 958 467 (2014: €2 807 115) during the year (see note 27).

On the acquisition of the Heppenheim and Bruchsal investment properties, the group retained a portion of the purchase price per the respective Sale and Purchase Agreements ("SPA"). These retentions will be released to the vendor at such time when they complete the retention activities. These amounts have been accounted for as deferred consideration (see note 23). The Heppenheim and Bruchsal properties are classified within Germany, Retail.

Measurement of fair values

Valuation process for level 3 investment property

On an annual basis the fair value of investment property is determined by external, independent property valuers, who have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. For details for the respective valuers used refer to page 104.

For all investment properties their current use equates to the highest and best use. The external valuations received are initially reviewed by the relevant internal asset manager and compared to the expectation of what fair value would be for individual investment properties. If the asset manager is in agreement with the valuation, the valuation reports are then checked by the finance team to confirm their numerical and methodological accuracy. Lastly, the investment property valuation is reviewed by the Audit Committee.

Development properties where fair value cannot be reliably determined, but for which the group expects the fair value will be reliably determinable as construction progresses, are measured at cost less impairment, until the fair value becomes reliably determinable, as cost less impairment is considered the best estimate of fair value.

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 30 June 2015:

As at 30 June 15

		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**

As at 30 June 14

		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
Income-generating property	39 650 572	—	—	39 650 572
Development property	25 101 270	—	—	25 101 270
	64 751 842	—	—	64 751 842

Valuation technique and significant unobservable inputs

There has been a change in the valuation technique in respect of three pre-let hotels at the New Waverley mixed use development in the UK. At the reporting date external independent property valuers reliably determined the fair value of these three pre-let hotels. In accordance with the accounting policy, these hotels have been fair valued at the reporting date. In the prior reporting period these hotels were held at cost less impairment as fair value was not reliably determinable and cost less impairment was considered the best estimate of fair value. The remainder of the New Waverley development continues to be held at cost less impairment as fair value can still not be reliably determined and cost is the best indication of fair value. There have been no further changes in the valuation technique.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

11. Investment property (continued)

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

Investment property type	Valuation technique	Significant unobservable inputs	Inter-relation between key unobservable inputs and fair value measurement
Income-generating property	**Discounted cash flows:** The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rates, void periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	– Risk adjusted discount rates – Market rent – Net rental growth – Reversionary discount rate	The estimated fair value would increase (decrease) if: – Expected market rental growth was higher (lower) – The occupancy rate was higher (lower) – The reversionary discount rate was lower (higher) – The risk adjusted discount rate was lower (higher)
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)

Fair value sensitivity analysis

As at 30 June 15
Income-generating property

Euro				Significant unobservable inputs											
				Discount rate			Market rent			Net rental growth			Reversion discount rate		
					Sensitivity			Sensitivity			Sensitivity			Sensitivity	
Country	Sector	Technique	Valuation	Input %	Change	Valuation	Input p.a	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation
UK	Industrial	DCF	37 602 476	7,00 – 8,00	+1%	34 158 510	2 103 749	+5%	39 008 175	2,00	+1%	37 953 900	7,00 – 8,00	+1%	34 228 795
					-1%	41 946 088		-5%	36 196 775		-1%	37 251 050		-1%	41 875 803
	Retail	DCF	2 811 400	7,50	+1%	2 766 418	267 083	+5%	2 923 856	—	+1%	2 811 400	—	+1%	2 811 400
					-1%	2 859 194		-5%	2 642 716		-1%	2 811 400		-1%	2 811 400
Germany	Retail	DCF	102 830 000	5,25 – 7,65	+1%	96 430 000	538 536 –	+5%	103 970 000	(0,82)	+1%	104 930 000	5,65	+1%	95 770 000
					-1%	109 970 000	1 870 909	-5%	101 780 000	– 1,18	-1%	100 930 000	– 7,75	-1%	111 830 000
Switzerland	Industrial	DCF	21 146 643	4,40	+1%	18 428 886	951 284	+5%	22 279 842	1,00	+1%	21 761 259	—	—	—
					-1%	26 274 848		-5%	20 464 803		-1%	21 482 761		—	—

As at 30 June 15
Development property

Euro				Significant unobservable inputs					
				Discount rate			Costs to complete		
					Sensitivity			Sensitivity	
Country	Sector	Technique	Valuation	Input %	Change	Valuation	Input	Change	Valuation
UK	Mixed use	DCF[1]	35 288 845	4,75 – 5,50	+1%	23 129 540	39 213 255	+10%	31 367 520
					-1%	54 160 367		-10%	39 210 171

As at 30 June 14
Income-generating property

Euro				Significant unobservable inputs											
				Discount rate			Market rent			Net rental growth			Reversion discount rate		
					Sensitivity			Sensitivity			Sensitivity			Sensitivity	
Country	Sector	Technique	Valuation	Input %	Change	Valuation	Input p.a	Change	Valuation	Input %	Change	Valuation	Input %	Change	Valuation
UK	Industrial	DCF	8 359 590	7,25	+1%	8 110 050	298 000	+5%	8 421 975	1,00	+1%	8 796 285	7,00	+1%	8 234 820
					-1%	8 733 900		-5%	8 172 435		-1%	8 110 050		-1%	8 671 515
	Retail	DCF	4 866 030	—	+1%	—	240 000	+5%	5 728 228	—	+1%	—	5,50	+1%	4 568 525
					-1%	—		-5%	5 201 090		-1%	—		-1%	6 747 360
Germany	Retail	DCF	7 900 000	5,88	+1%	7 540 000	96 946 –	+5%	8 010 000	—	—	—	7,38 -7,63	+1%	7 320 000
					-1%	8 260 000	138 557	-5%	7 770 000		—	—		-1%	8 690 000
Switzerland	Industrial	DCF	18 524 952	4,40	+1%	15 423 750	814 844	+5%	18 697 698	1,00	+1%	17 998 488	—	—	—
					-1%	22 029 228		-5%	17 957 358		-1%	18 237 042		—	—

1 DCF less cost to complete

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

12. Investments

The carrying amount of the group's investments at 30 June 2015 was as follows:

Euro	As at 30 June 15	As at 30 June 14 Restated*
Non-current		
Karoo Fund	**—**	35 743 617
Sirius Real Estate Limited	**12 346 864**	—
	12 346 864	35 743 617
Current		
Karoo Fund	**67 221 894**	—
	67 221 894	—

* The group has early adopted IFRS 9, with retrospective application. These figures have therefore been restated. The impact of adopting IFRS 9 on the group's primary statements is presented in note 29.

The investments are classified as FVTPL. Accordingly they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss. 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 5 December 2014 the group acquired a 4.2% shareholding in Sirius for €10 178 432. This has been fair valued at 30 June 2015 and a gain of €1 134 917 was recognised in fair value adjustments in the profit or loss. The group has acquired additional shares in Sirius to the value of €2 584 618 as part of its treasury strategy (see note 16) on which there is an unrealised loss of €28 094 at the reporting date.

As at 30 June 2014 the Karoo Fund was classified as being held to maturity in accordance with IAS 39. In the current year the group has early adopted IFRS 9 and the Karoo fund has been classified as FVTPL. The impact of adopting IFRS 9 is summarised in note 29. On 30 October 2014 and 21 February 2015 the Karoo Fund compulsorily redeemed a portion of the investment amounting to €12 189 773 and €8 024 277 respectively. At 30 June 2015 the investment was fair valued at €67 221 894 and a gain of €45 651 311 was recognised in fair value adjustments in profit or loss.

Reconciliation of investments

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14 Restated*
Opening balance	**35 743 617**	—
Acquisition	**10 178 432**	34 199 731
Capitalised fees	**—**	356 996
Redemption	**(20 214 050)**	—
Fair value movement	**46 786 228**	1 186 890
Foreign exchange movement in OCI	**7 074 531**	—
	79 568 758	35 743 617

A liability of €26 378 571 is due to Attacq Limited ("Attacq") when the investment in the Karoo Fund is realised, see note 21.

The allocation of the carrying amount of the group's investments by foreign currency is presented in the foreign exchange risk table see note 25.

* See note 29.

Fair value hierarchy

The following table shows the carrying amount and fair value of the group's investments in the fair value hierarchy as at 30 June 2015:

As at 30 June 15

Euro	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
Karoo Fund	67 221 894	—	67 221 894	—
Sirius Real Estate Limited	12 346 864	12 346 864	—	—
	79 568 758	12 346 864	67 221 894	—

As at 30 June 14

Euro	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
Karoo Fund	35 743 617	—	—	35 743 617
	35 743 617	—	—	35 743 617

Transfers between the levels in the fair value hierarchy are recognised at the reporting date. During the period the Karoo Fund has been reclassified from level 3 to level 2 in the fair value hierarchy.

Reconciliation of transfer of the Karoo Fund

Euro	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
Opening balance	35 743 617	—	—	35 743 617
Transfer	—	—	35 743 617	(35 743 617)
Movement	31 478 277	—	31 478 277	—
	67 221 894	—	67 221 894	—

Valuation process for level 3 investments

On an annual basis the fair value of investments is determined by external investment managers, having appropriate valuation experience.

These valuations are initially reviewed by the group's analyst and compared to the expectation of fair value. The valuation is then checked by the finance team to ensure the numerical and methodological accuracy. Lastly, the investment valuation is reviewed by the Audit Committee.

Valuation techniques and unobservable inputs

As the prior period net asset value of the Karoo Fund did not reflect fair value, the valuation was determined by applying discounts to each of the underlying investments held. The discounts applied related to: illiquidity; specific risks facing each investment; and the percentage of total investment held. In the current period, such discounts are no longer considered appropriate given the nature of assets held and progress in the underlying investments. Accordingly, NAV is now considered the appropriate valuation technique to determine the fair value of the Karoo Fund.

At 30 June 2015 all inputs into the valuation are observable as the underlying investments are listed, with the exception of a convertible debenture that is not significant to the fair valuation.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

12. Investments (continued)

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

As at 30 June 15

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 – €2 067 All inputs used by the fund's investment manager in determining the fund's NAV are observable with the exception of a convertible debenture that is not significant to the input for fair valuation.	The estimated fair value would increase (decrease) if: – NAV per share was higher (lower).

As at 30 June 14

Level 3 Investments	Valuation technique	Significant unobservable Inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Karoo fund	Fair value of the equity fund is determined by applying discounts to each of the underlying investments held by the Karoo Fund.	– Illiquidity – Specific risks facing each investment – Percentage of total investment held	The estimated fair value would increase (decrease) if: – Illiquidity was lower (higher) – Specific risks facing each investment were lower (higher) – Percentage of total investment held was lower (higher)

Fair value sensitivity analysis

The group's investments classified as level 3 in the fair value hierarchy have been sensitised to show how the inputs used in the valuation would have affected the valuation of the investment in the Karoo Fund as at 30 June 2014 as follows:

Euro

	Sensitivity		
Discount	Input %	Change absolute	Valuation
Liquidity discounts on underlying investments	5,00 – 100,00	+1%	35 449 706
		-1%	36 138 957
Discount rate	7,00	+1%	34 977 872
		-1%	36 655 885

13. Investment in associate

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Opening balance	–	1 055 174
Impact of foreign currency translation	–	1 696
Equity accounted earnings	–	1 479
Deemed disposal on acquisition of control (see note 10)	–	(1 058 349)
Closing balance	**–**	–

During the prior period the group acquired the remaining shares it did not already own in New Waverley 10 Limited (previously: Artisan Investment Projects 10 Limited). As a result New Waverley 10 Limited was consolidated as a subsidiary in the prior period (see note 10).

14. Short-term loans receivable

Short-term loans receivable comprised a loan to MAS Property Advisors Limited which was fully repaid in the period ending 30 June 2014.

Euro	As at 30 June 15	As at 30 June 14
Opening balance	–	256 885
Repayment	–	(256 885)
Closing balance	**–**	–

15. Trade and other receivables

The group's trade and other receivables comprise:

Euro	As at 30 June 15	As at 30 June 14
Trade receivables from lessees	**1 918 117**	2 270 221
Property retentions held in escrow (Bruchsal acquisition)	**1 615 000**	–
Other financial assets	**994 686**	–
	4 527 803	2 270 221

Included in trade receivables from lessees is an amount of €1 459 273 (2014: €847 962) due to Sauchiehall Street Properties 1 Limited, a group entity, from Record Shop 1 Limited (formerly known as HMV UK Limited ("HMV")). On 15 January 2013, HMV entered administration. No payments due to Sauchiehall Street Properties 1 Limited under the Lease have been received since this time.

Under the HMV lease certain obligations were guaranteed by EMI Group PLC ("EMI") in favour of Sauchiehall Street Properties 1 Limited. In the lease, HMV's obligation included covenants to pay rent, insurance and other sums and to keep the premises in good repair.

Sauchiehall Street Properties 1 Limited has taken steps to enforce the guarantee and the directors have been advised by external legal counsel that there is no reason to doubt the recoverability of this amount. No provision has been made with respect to the recoverability of this amount as all amounts will be recovered.

The group has provided €31 592 (2014: nil) for doubtful debts in the year in relation to other trade receivables.

The property retentions that relate to the acquisition of the Bruchsal property have been held in escrow (see note 23).

The allocation of the carrying amount of the group's trade and other receivables by foreign currency is presented in the foreign exchange risk table (see note 25).

The fair values of the group's trade and other receivables have been presented in the accounting classification and fair values table (see note 24).

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

16. Treasury investments

Treasury investments comprise the group's short term treasury investments. The carrying amount of the group's treasury investments at 30 June 2015 was as follows:

Euro	As at 30 June 15	As at 30 June 14
Sirius Real Estate Limited	**2 556 524**	—
Other	**48 455**	—
	2 604 979	—

The treasury investments are classified as FVTPL. Accordingly they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss. These investments have been classified as FVTPL because the objective of the group's business model is to sell the instrument prior to its contractual maturity to realise its fair value changes.

Due to the low interest rate environment, management sought better returns on the group's cash over the course of the last year by investing in a portfolio of European real-estate equities. The portfolio gained €4 301 694, net of fees, which is recognised in fair value adjustments (see note 6). Given the market volatility at the time, and in participation of imminent acquisitions, the portfolio was substantially liquidated in June 2015.

Reconciliation of treasury investments

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Opening balance	**—**	—
Investment	**30 000 000**	—
Redemption	**(31 696 715)**	—
Fair value movement	**4 301 694**	—
Closing balance	**2 604 979**	—

The allocation of the carrying amount of the group's treasury investments by foreign currency is presented in the foreign exchange risk table (see note 25).

Fair value hierarchy

The following table shows the carrying amount and fair value of the group's investment in the fair value hierarchy as at 30 June 2015:

As at 30 June 15

		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
Sirius Real Estate Limited	**2 556 524**	**2 556 524**	**—**	**—**
Other	**48 455**	**—**	**48 455**	**—**
	2 604 979	**2 556 524**	**48 455**	**—**

Valuation techniques and unobservable inputs

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

Investment type	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Other	Investments in other investments are based on broker quotes on similar contracts that are traded in an active market and the quotes reflect the actual transactions in similar instruments.	– Similar contracts	The estimated fair value would increase (decrease) if: – Similar contract prices were higher (lower)

17. Cash and cash equivalents

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Bank balances	**45 111 775**	205 800 188
	45 111 775	205 800 188

18. 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 continued in the British Virgin Islands as a BVI Business company.

	Number of shares	Share Capital Euro
Balance at 1 March 13	66 238 363	67 423 236
Issued during the year		
– Capital raised	173 987 429	180 391 564
– Acquisition of New Waverley 10 Limited (previously: Artisan Investment Projects 10 Limited) (see note 10)	5 111 182	5 468 965
– Acquisition of the Karoo Fund	31 962 365	34 199 731
– Scrip distributions	2 184 660	2 494 584
Balance at 30 June 14	279 483 999	289 978 080
Issued during the year		
– Acquisition of MAS Property Advisors Limited (note 10)	9 751 326	12 486 971
– Scrip distributions	2 552 564	3 206 941
Balance at 30 June 15	291 787 889	305 671 992

During the year the group incurred €13 029 (2014: €2 897 232) in expenses in relation to issuing shares. These were offset against share capital.

19. Foreign currency translation reserve

The group recognised a foreign currency translation gain of €6 575 768 (2014: €156 323) resulting in a foreign currency translation reserve at the reporting date of €7 198 696 (2014: €622 928).

This reserve results from the translation of foreign subsidiaries from a functional currency other than euros into the presentation currency of euros. The assets and liabilities including goodwill and fair value adjustments arising on business combinations are translated using the exchange rates at the reporting date. Items in the consolidated statement of comprehensive profit or loss and other comprehensive income and consolidated statement of cash flows are translated into euros using the actual, or approximate average rates of exchange for the transactions.

The resulting translation adjustments are recorded in other comprehensive income and accumulated in the foreign currency translation reserve. Cumulative translation adjustments are recognised as income or expense upon partial or complete disposal of a foreign entity. Exchange differences arising from the translation of the net investment in a foreign operation are taken to other comprehensive income. These are recycled and recognised in the profit or loss upon disposal of the operation.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

20. Interest bearing borrowings

The carrying amount of the group's interest bearing borrowings as at 30 June 2015 was as follows:

Euro	As at 30 June 15	As at 30 June 14
Non-current		
Credit Suisse – DPD property	**8 933 544**	8 102 610
Sparkasse Bank – Aldi portfolio	**5 846 225**	6 238 142
	14 779 769	14 340 752
Current		
Credit Suisse – DPD property	**576 203**	493 560
Sparkasse Bank – Aldi portfolio	**391 917**	293 938
Santon Developments plc – Santon North Street property	**—**	969 927
	968 120	1 757 425
	15 747 889	16 098 177

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

Petrusse Capital S.a.r.l., a group entity, received a loan of CHF 13 000 000 (€10 693 800) on 15 January 2010 from Credit Suisse. This is a 15-year term floating rate loan at 90 bps above Swiss LIBOR (see note 21). The DPD property purchased by Petrusse Capital S.a.r.l. is held as security against this loan. There are no conversion or redemption rights for this loan. Amortisation repayments of CHF 150 000 (€144 050) per quarter began in June 2010 on this loan, amortisation reduced to CHF 97 500 (€93 629) effective from 30 June 2015. The amount outstanding is CHF 9 902 500 (€9 509 747) as at 30 June 2015.

Inventive Capital S.a.r.l., a group entity, received a loan of €8 369 840 on 1 December 2009 from Sparkasse Bank. This is a 20-year term floating rate loan at 95 bps above Euribor (see note 21). The Aldi portfolio purchased by Inventive Capital S.a.r.l. is held as security against this loan. A repayment of €1 891 760 was made when the Tuttlingen property, one of the six Aldi stores, was disposed of in the prior period. There are no conversion or redemption rights for this loan. Amortisation repayments of €97 929 per quarter began in December 2014 and the amount outstanding is €6 238 142 as at 30 June 2015.

The allocation of the carrying amount of the group's interest bearing borrowings by foreign currency is presented in the foreign exchange risk table (see note 25).

The fair values of the group's interest bearing borrowings have been presented in the accounting classification and fair values table (see note 24).

21. Financial instruments

The carrying amount of the group's financial instruments as at 30 June 2015 was as follows:

Euro	As at 30 June 15	As at 30 June 14
Non-current		
Derivative financial instruments	**2 603 535**	2 104 606
Financial liabilities	**3 941 947**	—
	6 545 482	2 104 606
Current		
Financial liabilities	**26 378 571**	—
	26 378 571	—
	32 924 053	2 104 606

The allocation of the carrying amount of the group's financial instruments by foreign currency is presented in the foreign exchange risk table (see note 25).

Derivative financial instruments
The group has hedged the interest rate exposure on the interest bearing borrowing (see note 20) from Credit Suisse and Sparkasse Bank. These financial instruments are classified as FVTPL, accordingly they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss.

Reconciliation of derivative financial instruments

Euro	Aldi	DPD	Total
Balance at 1 March 13	1 462 658	1 060 132	2 522 790
Fair value adjustment	(52 785)	(91 483)	(144 268)
Partial settlement of hedging instrument	(278 000)	—	(278 000)
Foreign exchange movement in OCI	—	4 084	4 084
Balance at 30 June 14	1 131 873	972 733	2 104 606
Balance at 1 July 14	1 131 873	972 733	2 104 606
Fair value adjustment	7 464	305 024	312 488
Foreign exchange movement in OCI	—	186 441	186 441
Balance at 30 June 15	1 139 337	1 464 198	2 603 535

75% of the Sparkasse Bank debt (see note 20) used to purchase the Aldi portfolio was hedged with Bayern LB via an interest rate swap at a fixed rate of 4,2%, and 25% fixed via an interest rate cap with a strike at 4,0%, on 20 October 2009. Both the hedge and the cap started on 1 December 2009, the completion date of the property. The fair value of this hedge was €1 139 337 as at 30 June 2015 (2014: liability of (€1 131 873)). In the prior year the group disposed of the Tuttlingen store, which resulted in a payment of €270 000 to settle the relevant portion of the interest hedge.

70% of the Credit Suisse debt (see note 20) used to purchase the DPD property was hedged directly with Credit Suisse via a forward-starting interest rate swap at 2,76% on 14 September 2009. The start date was 15 January 2010. The fair value of this hedge was €1 464 198 as at 30 June 2015 (2014: liability of €972 733).

Fair value hierarchy
The following table shows the carrying and fair value of the group's derivative financial instruments in the fair value hierarchy as at 30 June 2015:

As at 30 June 15

		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
Aldi	1 139 337	—	1 139 337	—
DPD	1 464 198	—	1 464 198	—
	2 603 535	—	2 603 535	—

As at 30 June 14

		Fair value		
Euro	Carrying amount	Level 1	Level 2	Level 3
Aldi	1 131 873	—	1 131 873	—
DPD	972 733	—	972 733	—
	2 104 606	—	2 104 606	—

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

Derivative financial instrument type	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Interest rate swaps	The fair value is based on discounting future cash flows using the interest rate swaps curves plus the historic charged credit margin at the dates when the cash flows will take place.	– Credit margin	The estimated fair value would increase (decrease) if: Credit margin were lower (higher)

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

21. Financial instruments (continued)

Financial liabilities

The group's financial liabilities comprise:

Euro	As at 30 June 15	As at 30 June 14
Non-current		
Development management fee	**1 576 779**	–
Priority participating profit dividend	**2 365 168**	–
	3 941 947	–
Current		
Attacq financial liability	**26 378 571**	–
	26 378 571	–
	30 320 518	–

Reconciliation of financial liabilities:

Euro	Attacq financial liability	Development management fee	Priority participating profit dividend	Total
Balance at 1 July 14	–	–	–	–
Fair value adjustment	24 896 101	1 488 165	2 232 246	28 616 512
Foreign exchange movement in OCI	1 482 470	88 614	132 922	1 704 006
Balance at 30 June 15	26 378 571	1 576 779	2 365 168	30 320 518

Development management fee and priority participating profit dividend
The group entered into a development management agreement with New Waverley Advisers Limited for the development and construction of the New Waverley site in Edinburgh. This development management agreement splits the profit as follows:

The group
- Return on capital invested of 7.5% (the "Priority Return")
- A maximum of 75% of 10% of the Development Value (the "Priority Participating Profit Dividend")
- A maximum of 75% of the Development Value after deducting the Developers Additional Fee and the Priority Participating Profit Dividend

New Waverley Advisers Limited
- 1/3 of the Priority Return (the "Developers Priority Fee")
- A maximum of 25% of 10% of the Development Value (the "Developers Additional Fee")

New Waverley Holdings Limited
- A maximum of 25% of the Development Value after deducting the Developers Additional Fee and the Priority Participating Profit Dividend

The agreement provides that once a development profit (the "Development Profit") has been realised a development fee is due to New Waverley Advisers Limited.

The Development Profit is the value of the development (defined as income and capital returns on realisations of lettings and sales, plus rent) less a 7.5% per annum return on capital invested by the group (the "Priority Return").

The development fee due to New Waverley Advisers Limited is equal to 1/3 of the Priority Return (the "Developers Priority Fee"), subject to there being adequate proceeds after return of capital and payment of the Priority Return.

In addition to the Developers Priority Fee, the group will pay to New Waverley Advisers Limited an additional developers fee (the "Developers Additional Fee") which is limited to a maximum of 10% of the Development Value. This is calculated as 25% of the development profit after deducting the Priority Return and Developers Priority Fee (the "Development Value") but accrues only to the extent that a dividend of 75% can be made to the group at the same time ("Priority Participating Profit Dividend").

Lastly, the remaining Development Value (after deducting the Developers Additional Fee and the Priority Participating Profit Dividend) is split 75%/25% to the group and the holder of the B shares, New Waverley Holdings Limited respectively.

As a consequence of the three pre-let hotels at New Waverley being fair valued (see note 11) there are financial liabilities due to New Waverley Advisers Limited and New Waverley Holdings Limited on the current unrealised profit of the development.

These financial liabilities have been classified as FVTPL. This matches the cost of the financial liabilities with the gain on the related investment directly in profit or loss.

Attacq financial liability

Under the purchase agreement of the Karoo Fund (see note 12) 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 adjustment will be share-based and would amount to €26 378 571 if the current reported net asset value were to be realised. The Karoo Fund's NAV as at 30 June 2015 was €161 780 243.

At the point when the Karoo Fund is realised ("the Realised Value") an Adjustment will be made as follows:

1. To the extent that the Realised Value is below the purchase price, 25% of such deficit shall be deemed to be a cost to Attacq, who shall have a corresponding number of consideration shares bought back by MAS for nil consideration and subsequently cancelled.
2. To the extent that the Realised Price is above the purchase price and below 85% of €49 382 605, no further MAS shares will be issued to Attacq.
3. To the extent that the Realised Price is above 85% and below 100% of €49 382 605, such a surplus shall be deemed to be a benefit to Attacq, who shall be issued a corresponding number of additional MAS shares at a price per share equal to the 30-day volume weighted average price of a MAS share at the point when the Karoo Fund is realised.
4. To the extent that the Realised Price is above 100% of €49 382 605, 50% of such further surplus shall be settled through the issue of additional MAS shares to Attacq at a price per share equal to the 30-day volume weighted average price of a MAS share at the point when the Karoo Fund is realised.

The Karoo Fund is due to be fully redeemed on 31 January 2016.

This financial liability has been classified as FVTPL by opting to use the fair value option. This matches the cost of the financial liability with the gain on the related investment directly in profit or loss.

Measurement of fair values

Fair value hierarchy

The following table shows the carrying and fair value of the group's derivative financial instruments in the fair value hierarchy as at 30 June 2015:

As at 30 June 15			**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 process of level 3 financial liabilities

The fair value of the level 3 financial liability in respect of New Waverley Advisers Limited and New Waverley Holdings Limited is calculated annually. The investment property valuation process (see note 11) is part of this valuation process as a consequence of the financial liability to New Waverley Advisers Limited and New Waverley Holdings Limited being derived from the fair value of New Waverley investment property. The fair value of the financial liability is calculated and based on the fair value of the New Waverley investment property. The fair valuation is then reviewed by the finance manager and chief financial officer before being reviewed by the Audit Committee.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

21. Financial instruments (continued)

Valuation techniques and unobservable inputs

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

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 11, for the valuation technique in respect of New Waverley.	– Expected market rental growth – Occupancy rate – Reversionary discount rate – Risk adjusted discount rates – Cost to complete – Completion dates	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)

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 – €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)

Fair value sensitivity analysis

As at 30 June 15

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

22. Trade and other payables

The group's trade and other payables comprise:

Euro	As at 30 June 15	As at 30 June 14
Construction payables	**2 385 605**	—
Trade payables	**1 819 095**	1 536 795
Other financial liabilities	**590 660**	—
	4 795 360	1 536 795

Construction payables relate to amounts owed to developers from the construction of the group's development properties (see note 11).

The allocation of the carrying amount of the group's financial instruments by foreign currency is presented in the foreign exchange risk table (see note 25).

The fair values of the group's trade and other payables have been presented in the accounting classification and fair value table (see note 24).

23. Deferred consideration

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

Euro	As at 30 June 15	As at 30 June 14
Investment property retentions:		
Bruchsal property	**1 615 000**	—
Heppenheim property	**1 088 865**	—
	2 703 865	—

On the acquisition of the Heppenheim and Bruchsal properties, the group retained a portion of the purchase price per the Sale and Purchase Agreement ("SPA"), which will be released to the vendor at such time that they complete the agreed retention works/activities. These amounts have been capitalised within Investment property (see note 11).

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

24. Accounting classification and fair values

		Carrying amount			Fair value			
Euro	Note	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
As at 30 June 15								
Financial assets measured at fair value								
Non-current investments	12	12 346 864	–	12 346 864	12 346 864	–	–	12 346 864
Current investments	12	67 221 894	–	67 221 894	–	67 221 894	–	67 221 894
Treasury investments	16	2 604 979	–	2 604 979	2 556 524	48 455	–	2 604 979
		82 173 737	–	82 173 737	14 903 388	67 270 349	–	82 173 737
Financial assets not measured at fair value[2]								
Trade and other receivables	15	–	4 527 803	4 527 803	–	–	–	4 527 803
Cash and cash equivalents	17	–	45 111 775	45 111 775	–	–	–	45 111 775
		–	49 639 578	49 639 578	–	–	–	49 639 578
Financial liabilities measured at fair value								
Non-current financial instruments	21	6 545 482	–	6 545 482	–	2 603 535	3 941 947	6 545 482
Current financial instruments	21	26 378 571	–	26 378 571	–	26 378 571	–	26 378 571
		32 924 053	–	32 924 053	–	28 982 106	3 941 947	32 924 053
Financial liabilities not measured at fair value[2]								
Non-current interest bearing borrowings	20	–	14 779 769	14 779 769	–	–	–	14 779 769
Current interest bearing borrowings	20	–	968 120	968 120	–	–	–	968 120
Trade and other payables	22	–	4 795 360	4 795 360	–	–	–	4 795 360
		–	20 543 249	20 543 249	–	–	–	20 543 249
As at 30 June 14								
Financial assets measured at fair value								
Non-current investments	12	35 743 617	–	35 743 617	–	–	35 743 617	35 743 617
		35 743 617	–	35 743 617	–	–	35 743 617	35 743 617
Financial assets not measured at fair value[1]								
Trade and other receivables	15	–	2 270 221	2 270 221	–	–	–	2 270 221
Cash and cash equivalents	17	–	205 800 188	205 800 188	–	–	–	205 800 188
		–	208 070 409	208 070 409	–	–	–	208 070 409
Financial liabilities measured at fair value								
Financial instruments	21	2 104 606	–	2 104 606	–	2 104 606	–	2 104 606
		2 104 606	–	2 104 606	–	2 104 606	–	2 104 606
Financial liabilities not measured at fair value[1]								
Non-current interest bearing borrowings	20	–	14 340 752	14 340 752	–	–	–	14 340 752
Current interest bearing borrowings	20	–	1 757 425	1 757 425	–	–	–	1 757 425
Trade and other payables	22	–	1 536 795	1 536 795	–	–	–	1 536 795
		–	17 634 972	17 634 972	–	–	–	17 634 972

1. The group has not disclosed the fair values for: cash and cash equivalents, trade and other receivables and payables and interest bearing borrowings because their carrying amounts are a reasonable approximation of fair values.

25. Financial risk management

Overview

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

These risks are managed as follows:
Liquidity risk – the risk that the group will encounter difficulty meeting its obligations associated with its financial liabilities that arises when the maturity of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The group has internal procedures focused on ensuring the efficient but prudent use of cash and availability of working capital. The liquidity risk inherent in the business is mainly as a result of the tenant risk in the property portfolio. Should a tenant default, liquidity risk may result in the inability of the group to cover the interest and amortisation payments. As a result adequate cash buffers are maintained, and tenant strength is reviewed on a continual basis.

Currently all tenants are trading well. The lease to HMV UK Limited expired in February 2015 (see note 11).

As at 30 June 15

Euro	1 – 6 months	6 – 12 months	1 – 3 years	>3 years
Interest bearing borrowings	**484 060**	**484 060**	**1 935 832**	**12 843 937**
Trade and other payables	**4 795 360**	**—**	**—**	**—**
Financial instruments	**—**	**26 378 571**	**3 941 947**	**2 603 535**
	5 279 420	**26 862 631**	**5 877 779**	**15 447 472**

As at 30 June 14

Euro	1 – 6 months	6 – 12 months	1 – 3 years	>3 years
Interest bearing borrowings	878 712	878 713	1 770 954	12 569 798
Trade and other payables	1 536 796	—	—	—
Financial instruments	—	—	—	2 104 606
	2 415 508	878 713	1 770 954	14 674 404

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

The risk to the group relates to an imbalance between demand and supply for the relevant investments and financial instruments in the portfolio, which could potentially result in a disorderly market. This risk is mitigated through investing in a portfolio of financial assets thus reducing concentration.

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

Euro	As at 30 June 15	As at 30 June 14
Assets		
Investments	**79 568 758**	35 743 617
Treasury investments	**2 604 979**	—
	82 173 737	35 743 617
Liabilities		
Financial instruments	**(32 924 053)**	(2 104 606)
	(32 924 053)	(2 104 606)

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

25. Financial risk management (continued)

At 30 June 2015, if market prices at that date had been 5% higher/lower with all other variables held constant, post-tax profit for the year would have been €2 462 484 (2014: €1 681 951) higher/lower. This sensitivity analysis assumes that all other variables remain constant.

Interest rate risk – a significant part of the funding of the group's portfolio derives from debt. Debt is managed on an active basis, hedging against adverse movements in interest rates. Details of the hedging arrangements of the group are disclosed in note 21.

The group's exposure to interest rates on interest bearing borrowings are as follows:

As at 30 June 15	Fixed Euro	Floating Euro	Capped Euro
Credit-Suisse – DPD property	6 656 823	2 852 924	—
– Interest rate	2,76% + 90bps	Swiss Libor + 90bps	N/a
Sparkasse – Aldi portfolio	4 678 606		1 559 536
– Interest rate	4,2% + 95bps	N/a	4,0% + 95bps
As at 30 June 14			
Credit-Suisse – DPD property	6 447 128	2 149 042	—
– Interest rate	2,76% + 90bps	Swiss Libor + 90bps	N/a
Sparkasse – Aldi portfolio	4 899 060	—	1 633 020
– Interest rate	4,2% + 95bps	N/a	4,0% + 95bps

At 30 June 2015, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been €28 529 (2014: €27 832) lower/higher, arising mainly as a result of the higher/lower interest expense on variable borrowings. This sensitivity analysis assumes that all other variables remain constant.

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

At 30 June 2015 the group had the following currency exposures:

Currency risk exposures

	GBP	CHF	ZAR	USD
Closing exchange rate	0.7114	1.0413	13.6416	1.1189
Investments				
Foreign currency	–	–	–	–
Euro equivalent	–	–	–	–
Treasury investments				
Foreign currency	1 818 711	–	–	–
Euro equivalent	2 556 524	–	–	–
Trade and other receivables				
Foreign currency	2 014 809	37 764	171 986	3 033
Euro equivalent	2 832 175	36 266	12 607	2 711
Cash and cash equivalents				
Foreign currency	8 532 495	695 759	262 164	557
Euro equivalent	11 993 948	668 164	19 218	498
Financial instruments				
Foreign currency	–	(1 524 669)	–	–
Euro equivalent	–	(1 464 198)	–	–
Interest bearing borrowings				
Foreign currency	–	(9 302 500)	–	–
Euro equivalent	–	(8 933 545)	–	–
Trade and other payables				
Foreign currency	(3 321 868)	(684 602)	–	–
Euro equivalent	(4 669 480)	(657 449)	–	–
Total net monetary exposure				
Foreign currency	9 044 147	(10 778 248)	168 855 206	3 590
Euro equivalent	12 713 167	(10 350 762)	12 377 962	3 209

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

25. Financial risk management (continued)

At 30 June 2014 the group had the following currency exposures:

Currency risk exposures

	GBP	CHF	ZAR	USD
Closing exchange rate	**0.8015**	**1.2157**	**14.4599**	**1.3658**
Trade and other receivables				
Foreign currency	1 092 072	12 319	–	–
Euro equivalent	1 362 578	10 134	–	–
Cash and cash equivalents				
Foreign currency	53 284 232	413 774	2 178	1 238
Euro equivalent	66 477 408	340 370	151	906
Financial instruments				
Foreign currency	–	(1 182 510)	–	–
Euro equivalent	–	(972 733)	–	–
Interest bearing borrowings				
Foreign currency	(777 372)	(10 450 000)	–	–
Euro equivalent	(969 927)	(8 596 170)	–	–
Trade and other payables				
Foreign currency	(568 805)	(366 867)	–	–
Euro equivalent	(709 698)	(301 785)	–	–
Total net exposure				
Foreign currency	53 030 127	(11 573 284)	2 178	1 238
Euro equivalent	66 160 361	(9 520 184)	151	906

As at 30 June 2015, if the euro had weakened/strengthen by 5% against other currencies used by the group with all other variables held constant, post-tax profit for the period would have been €702 802 (2014: €2 693 799) higher/lower. This sensitivity analysis assumes that all other variables particularly interest rates remain constant.

Credit risk – the group is exposed to credit risk primarily as a result of its banking relationships. In particular, the credit exposure relates to potential default on derivative instruments if the counterparty defaults as a result of a deteriorating credit rating.

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

Euro	As at 30 June 15	As at 30 June 14
Non-current financial assets		
Investments	**12 346 864**	35 743 617
	12 346 864	35 743 617
Current financial assets		
Investments	**67 221 894**	–
Treasury investments	**2 604 979**	–
Trade and other receivables	**4 527 803**	2 270 221
Cash and cash equivalents	**45 111 775**	205 800 188
	119 466 451	208 070 409
	131 813 315	243 814 026

The group holds a significant amount of cash and cash equivalents. These are held with bank and financial institution counterparties which are rated A+ or better by Moody's rating agency. No financial assets are past due dates.

26. 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 on the acquisition of MAS Property Advisors Limited.

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.

As at 30 June 15

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
– Foreign exchange	2 771	—	5 043 582	12 613 942	17 660 295
Adjusted core income	5 560 556	(66 675)	4 737 213	(443 251)	9 787 843
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

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

26. Operating segments (continued)

As at 30 June 14

Euro	Income-generating property	Development property	Investments Restated*	Corporate and treasury	Total
Statement of comprehensive income					
External revenue	4 741 159	506 270	—	—	5 247 429
Inter-segment revenue	—	—	—	—	—
Segment profit/(loss) before tax	4 432 254	6 531	870 308	949 578	6 258 671
Interest income	91	4	—	199 253	199 348
Interest cost	(816 987)	(59 712)	—	—	(876 699)
Depreciation	(14 941)	—	—	—	(14 941)
Other material non-cash items					
– Fair value adjustments	(479 362)	—	1 186 890	—	707 528
– Foreign exchange	(89)	—	(31 893)	3 963 704	3 931 722
Adjusted core income	2 533 606	641 653	870 308	1 111 535	5 157 102
Statement of financial position					
Segment non-current assets	40 452 451	25 723 814	35 743 617	—	101 919 882
Segment current assets	1 818 984	451 237	—	205 800 188	208 070 409
Segment non-current liabilities	17 371 643	—	—	—	17 371 643
Segment current liabilities	1 705 683	1 155 707	—	432 830	3 294 220

* The group has early adopted IFRS 9, with retrospective application. These figures have therefore been restated. The impact of adopting IFRS 9 on the group's primary statements has been summarised in note 29.

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

Geographical information

The group invests in investment property in 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	Year ended 30 June 15	Sixteen month period ended 30 June 14
BVI	—	—
UK	**3 336 893**	2 899 821
Germany	**4 806 043**	914 427
Switzerland	**1 180 220**	1 433 181
	9 323 156	5 247 429

Non-current assets

Euro	As at 30 June 15	As at 30 June 15
BVI	**—**	—
UK	**166 275 302**	75 442 044
Germany	**103 567 015**	7 952 886
Switzerland	**21 146 643**	18 524 952
	290 988 960	101 919 882

27. Related parties

Parent and ultimate controlling party

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

Transactions with key management

Year ended 30 June 15

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Shareholding direct	Shareholding indirect
Lukas Nakos	**CEO**	**152 149**	**—**	**—**	**—**	**106**	**100 659**
Malcolm Levy[a]	**CFO**	**142 641**	**—**	**—**	**—**	**11 632**	**1 462 699**
Jonathan Knight	**CIO**	**57 056**	**—**	**—**	**—**	**504 964**	**—**
Ron Spencer	**Chairman**	**24 500**	**—**	**—**	**—**	**10 970**	**—**
Gideon Oosthuizen	**NED**	**23 250**	**—**	**—**	**—**	**250 000**	**—**
Jaco Jansen	**NED**	**23 250**	**—**	**—**	**—**	**—**	**—**
Morné Wilken	**NED**	**10 000**	**—**	**—**	**—**	**53 823**	**226 560**
Pierre Goosen	**NED**	**10 000**	**—**	**—**	**—**	**—**	**783 677**
		442 846	**—**	**—**	**—**	**831 495**	**2 573 595**

a. In addition, the directors fees of €24 940 were paid directly to MAS Property Advisors Limited (2014: €103 579). These fees ceased from a group perspective on 15 October 2014, when Malcolm Levy became an employee of the group.

Sixteen month period ended 30 June 14

Euro	Role	Basic salary	Benefits	Short-term incentive	Long-term incentive	Shareholding direct	Shareholding indirect
Lukas Nakos[b]	CEO	—	—	—	—	104	100 659
Malcolm Levy[a]	CFO	103 579	—	—	—	10 379	—
Ron Spencer	Chairman	25 333	—	—	—	10 764	—
Gideon Oosthuizen	NED	25 333	—	—	—	—	—
Jaco Jansen	NED	25 333	—	—	—	—	—
		179 578	—	—	—	21 247	100 659

a. This amount was paid directly to MAS Property Advisors Limited, the investment adviser, and is included in the professional services fees.
b. Lukas Nakos is the CEO of MAS Property Advisors Limited. His services to the group form part of the arrangements under the Investment Advisory Agreement.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

27. Related parties (continued)

Subsidiaries

The following entities have a reporting date of 30 June 2015 and are all 100% held subsidiaries of the group:

Company Name	Business activity	Domicile	Share capital
MAS (BVI) Holdings Limited	Holding company	British Virgin Islands	EUR 100
MAS Property Advisors Limited	Investment adviser	Isle of Man	GBP 100
European Property Holdings S.a.r.l.	Holding company	Luxembourg	EUR 35 000
MAS (IOM) Holdings Limited	Holding company	Isle of Man	EUR 100
MAS Mezzi Limited	Lending company	Isle of Man	EUR 100
Braehead Properties Limited	Investment company	Isle of Man	GBP 1 834 546
Sauchiehall Street Properties 1 Limited	Investment company	Isle of Man	GBP 3 526 310
Santon North Street Limited	Investment company	Isle of Man	GBP 100
Malling Brooks Limited	Investment company	Isle of Man	GBP 100
New Waverley 10 Limited (Previously Artisan Investment Projects 10 Limited)	Investment company	Isle of Man	GBP 10 140 576
New Waverley 11 Limited (Previously Artisan Investment Projects 11 Limited)	Dormant company	Isle of Man	GBP 1
New Waverley 12 Limited (Previously Artisan Investment Projects 12 Limited)	Dormant company	Isle of Man	GBP 1
Chippenham Properties Limited	Investment company	Isle of Man	GBP 100
Langley Properties Limited	Investment company	Isle of Man	GBP 100
Petrusse Capital S.a.r.l.	Investment company	Luxembourg	CHF 4 260 000
Inventive Capital S.a.r.l.	Investment company	Luxembourg	EUR 475 000
Interlude Capital S.a.r.l.	Investment company	Luxembourg	EUR 12 500
Impromptu Capital S.a.r.l.	Investment company	Luxembourg	EUR 12 500
Intermezzo Capital S.a.r.l.	Investment company	Luxembourg	EUR 12 500
Intonata Capital S.a.r.l.	Investment company	Luxembourg	EUR 12 500
Istempo Capital S.a.r.l.	Investment company	Luxembourg	EUR 12 500

The aggregate intercompany indebtedness between subsidiaries at 30 June 2015 was as follows:

Euro

Intercompany receivable	Intercompany payable	As at 30 June 15	As at 30 June 14
MAS Real Estate Inc.	MAS (BVI) Holdings Limited	**282 170 038**	99 885 616
	MAS Property Advisors Limited	**30 139**	—
MAS Property Advisors Limited	MAS (BVI) Holdings Limited	**398 120**	—
MAS (BVI) Holdings Limited	MAS (IOM) Holdings Limited	**48 276 426**	37 334 664
	MAS Mezzi Limited	**87 523 863**	31 413 692
	European Property Holdings S.a.r.l	**9 413 341**	4 155 498
	Petrusse Capital S.a.r.l.	**3 641 095**	3 059 475
	Inventive Capital S.a.r.l.	**1 584 627**	4 374 782
	Interlude Capital S.a.r.l.	**9 830 743**	9 649 050
	Impromptu Capital S.a.r.l.	**28 280 199**	78 278
	Intermezzo Capital S.a.r.l.	**25 469 090**	—
	Intonata Capital S.a.r.l.	**20 972 116**	—
	Istempo Capital S.a.r.l.	**12 177 148**	—
MAS Mezzi Limited	Braehead Properties Limited	**6 967 606**	8 564 644
	Sauchiehall Street Properties 1 Limited	**1 697 615**	8 049 174
	Santon North Street Limited	**15 059 830**	11 729 732
	New Waverley 10 Limited (Previously Artisan Investment Projects 10 Limited)	**21 835 272**	11 698 740
	Chippenham Properties Limited	**30 426 450**	—
	Langley Properties Limited	**20 139 110**	—
Braehead Properties Limited	MAS (IOM) Holdings Limited	**141**	125
Sauchiehall Street Properties 1 Limited		**2 740 973**	125
Santon North Street Limited		**141**	125
Chippenham Properties Limited		**141**	—
Langley Properties Limited		**141**	—
Interlude Capital S.a.r.l	European Property Holdings S.a.r.l	**520 000**	—
Impromptu Capital S.a.r.l.		**1 545 339**	—
Intermezzo Capital S.a.r.l.		**1 383 812**	—
Intonata Capital S.a.r.l.		**1 069 024**	—
Istempo Capital S.a.r.l.		**605 816**	—
New Waverley 10 Limited (Previously Artisan Investment Projects 10 Limited)	New Waverley 11 Limited (Previously Artisan Investment Projects 11 Limited)	**6 913**	4 557
	New Waverley 12 Limited (Previously Artisan Investment Projects 12 Limited)	**6 829**	4 557

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

27. Related parties (continued)

Other related party transactions:

Euro	Income/(expenses) for the year/period ended		Capitalised for the year/ period ended		Balances receivable/ (payable) as at	
	30 June 15	**30 June 14**	**30 June 15**	**30 June 14**	**30 June 15**	**30 June 14**
MAS Property Advisors Limited						
– Investment adviser fee	**(1 249 295)**	(2 410 812)	**–**	–	**–**	(204 053)
– Transaction fee	**–**	–	**352 500**	341 997	**–**	–
– Oncharged staff costs	**(123 269)**	(457 158)	**–**	–	**–**	–
	(1 372 564)	(2 867 970)	**352 500**	341 997	**–**	(204 053)
New Waverley Advisers Limited						
– Oncharged development costs	**–**	–	**19 605 967**	2 465 118	**33 432**	14 431
– Development management fee (note 21)[3]	**(1 488 165)**	–	**–**	–	**(1 576 779)**	–
	(1 488 165)	–	**19 605 967**	2 465 118	**(1 543 347)**	14 431
New Waverley Holdings Limited						
– Development profit participation fee (note 21)[3]	**(2 232 246)**	–	**–**	–	**(2 365 168)**	–
	(2 232 246)	–	**–**	–	**(2 365 168)**	–
Corona Real Estate Partners Limited						
– Legal and professional expenses	**(331 218)**	–	**–**	–	**37 251**	–
	(331 218)	–	**–**	–	**37 251**	–
Attacq						
– Karoo Fund financial liability (note 21)[3]	**(24 896 102)**	–	**–**	–	**(26 378 571)**	–
	(24 896 102)	–	**–**	–	**(26 378 571)**	–
Artisan Real Estate Investors Limited						
– Oncharged administrative expenses	**6 435**	(76 422)	**–**	–	**12 737**	–
	6 435	(76 422)	**–**	–	**12 737**	–
	(30 313 860)	(2 944 392)	**19 958 467**	2 807 115	**(30 237 098)**	(189 622)

All related party balances are unsecured and are repayable on demand.

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

MAS Property Advisors Limited ("MAS Prop")

MAS Prop is a real estate advisory company. During the period MAS Prop was acquired by the group, and, at the reporting date is a 100% owned subsidiary of the group (see note 10). Prior to the acquisition MAS Prop was owned by a group of investors of which Lukas Nakos and Malcolm Levy, the chief executive officer and chief financial officer of the group respectively, had significant influence.

Prior to the group's acquisition of MAS Prop, the group paid €1 372 564 (2014: €2 867 970) in respect of investment adviser fees and oncharged staff costs. These fees were charged to the group in accordance with the investment advisory agreement and on an arm's length basis.

Transaction fees in relation to the acquisition of investment property of €352 500 (2014: €341 997) were charged prior to the group's acquisition of MAS Prop. These fees were charged to the group in accordance with the investment advisory agreement and on an arm's length basis and have been capitalised within investment property.

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 year NW Advisers on-charged expenses in relation to the development of New Waverley which amounted to €19 605 967 (2014: €2 465 118). These have been capitalised as part of the New Waverley development within investment property (see note 11). These on-charges were charged to the group in accordance with the development management agreement and were on an arm's length basis.

In addition, the group has provided for a development management fee as a result of the revaluation of the three pre-let hotels at the New Waverley development (see note 21). This fee is in accordance with the development management agreement and is on an arm's length basis.

New Waverley Holdings Limited ("NW Holdings")

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

At the reporting date the group has provided for a development management profit participation fee as a result of the revaluation of the three pre-let hotels at the New Waverley development (see note 21). This fee is in accordance with the development management agreement and is on an arm's length basis.

Corona Real Estate Partners Limited ("Corona")

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

During the year, the group used the professional services of Corona and incurred expenses of €331 218 (2014:€0), which were charged to the group on an arm's length basis. At the end of the reporting period €37 251 (2014: €0) was owed by Corona to the group. Professional services fees are expensed in the profit or loss within Administrative expenses – Legal and professional expenses (see note 5).

Attacq

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

The group purchased the Karoo Fund from Attacq in the prior period for an all share consideration of €34 199 731 (see note 12). Under the purchase agreement of the Karoo Fund, Attacq is entitled to a contingent adjustment (the "Adjustment") in the consideration paid to them by the group. This contingent adjustment is dependent upon the value at which the Karoo Fund redeems. The liability recognised in 2015 is €26 378 571 (see note 21) and is calculated as if the current reported net asset value were to be realised. The Karoo Fund's NAV as at 30 June 2015 was €161 780 243.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

28. Earnings per share and diluted earnings per share

Basic and diluted earnings per share

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

Profit attributable to ordinary shareholders

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Profit for the year attributable to the owners of the group	**48 474 908**	5 060 236
	48 474 908	5 060 236

Weighted-average number of ordinary shares

Euro	Note	Year ended 30 June 15	Sixteen month period ended 30 June 14
Issued ordinary shares at 1 July 2014/1 March 2013		**279 483 999**	66 238 363
Effect of shares issued for capital raise	18	**—**	92 430 822
Effect of shares issued related to business combinations	10	**6 911 654**	5 111 182
Effect of shares issued related to the Karoo Fund acquisition	12	**—**	17 736 341
Effect of shares issued for scrip distributions	18	**872 468**	1 552 140
Weighted-average number of ordinary shares		**287 268 121**	183 068 848

Basic earnings per share

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14
Profit attributable to ordinary shareholders	**48 474 908**	5 060 236
Weighted-average number of ordinary shares	**287 268 121**	183 068 848
Basic earnings per shares (euro cents)	**16,87**	2,76

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

There has been no change to previously reported basic and diluted earnings per share as a result of the early adoption of IFRS 9.

Adjusted core income and adjusted core income per share

Euro	Year ended 30 June 15	Sixteen month period ended 30 June 14 Restated*
Profit for the year attributable to the owners of the group	**48 474 908**	5 060 236
Adjusted for:		
Fair value adjustments	**(27 877 364)**	(707 528)
Fair value of the Karoo Fund	**—**	1 186 890
Disposal of investment property	**—**	(1 008 336)
Exchange differences	**(17 660 295)**	(3 931 722)
Capital raising fees and structure costs	**504 581**	595 891
Deferred taxation	**(272 259)**	873 399
Realised profits on the Karoo Fund redemptions	**4 921 557**	—
Realised profits on treasury portfolio	**1 696 715**	—
Realised profits on investment property disposal	**—**	2 453 149
Income shortfall guarantee	**—**	635 123
Adjusted core income	**9 787 843**	5 157 102
Weighted-average number of ordinary shares	**287 268 121**	183 068 848
Adjusted core income per share (euro cents)	**3,41**	2,82

*As a result of the group early adopting IFRS 9 adjusted core income and adjusted core income per share for 30 June 2014 has been restated as follows:

	Impact of change in accounting policy		
Euro	As previously reported	Adjustment#	As restated
Net fair value adjustments	(528 974)	528 974	—
Disposal of investment property	—	(1 008 336)	(1 008 336)
Fair value adjustments	—	(707 528)	(707 528)
Fair value of the Karoo Fund	—	1 186 890	1 186 890
	(528 974)	—	(528 974)

See note 29

There are no dilutionary instruments in issue and therefore adjusted core income and diluted adjusted core income are the same.

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

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

Headline earnings and headline earnings per share

In accordance with the Circular 2/2013 as issued by the South African Institute of Chartered Accountants, headline earnings and headline earnings per share for year ended 30 June 2015 is as follows:

	Year ended 30 June 15		Sixteen month period ended 30 June 14	
Euro	**Gross**	**Net**	**Gross**	**Restated* Net**
Profit for the year/period	**48 474 908**	**48 474 908**	5 060 236	5 060 236
Adjusted for:				
Revaluation of investment property	**(5 718 442)**	**(6 759 124)**	623 630	434 159
Profit on disposal on investment property	**—**	**—**	(1 008 336)	(998 284)
Headline earnings	**42 756 466**	**41 715 784**	4 675 530	4 496 111
Weighted-average number of ordinary shares (note 28)	**287 268 121**	**287 268 121**	183 068 848	183 068 848
Headline earnings per share (euro cents)	**14,88**	**14,52**	2,55	2,46

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

Headline earnings and headline earnings per share for 30 June 2014 has been restated as follows:

	Impact of error		
Euro	As previously reported Net	Adjustment	As restated Net
Revaluation of investment property	623 630	(189 471)	434 159
Profit on disposal of investment property	—	(998 284)	(998 284)
Headline earnings	5 683 866	(1 187 755)	4 496 111
Headline earnings per share (euro cents)	3,10	(0,64)	2,46

29. Change in accounting policy

Except for the early adoption of IFRS 9, the group has consistently applied the accounting policies as set out in the note 3 for all periods presented in these consolidated financial statements.

The group has early adopted IFRS 9: Financial Instruments, with an initial application date of 1 July 2014. The rationale for the early adoption of IFRS 9 was a result of the Karoo Fund compulsorily redeeming a portion of the group's investment in the fund, consequently the investment was required to be reclassified in accordance with IAS 39 from held-to-maturity to available-for-sale as the redemption date was no longer fixed or determinable. Financial assets classified as available-for-sale are measured at fair value at the reporting date with changes in fair value being recognised within other comprehensive income. As the group is an investment business, it was considered that fair value movements in relation to all such investments should be recognised directly in profit or loss, and not in reserves for certain investments, and in profit or loss for others. The adoption of IFRS 9 results in more reliable and relevant information.

The new IFRS 9 standard includes the following categories for the classification and measurement of financial assets:

- Financial assets at amortised cost: Financial assets held within a business model whose objective is to hold assets in order to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through other comprehensive income: Financial assets include investments in equity instruments that are not held for trading and where the fair value option is elected.
- Financial assets at FVTPL: Financial assets acquired for realising capital gains from fluctuations in market prices.

There have been no alterations to the measurement basis of any financial instruments held by the group as a result of the adoption of IFRS 9 with the exception of the Karoo Fund (see note 12).

As at 30 June 2014 the Karoo Fund was classified as held-to-maturity in accordance with IAS 39, and measured at amortised cost, whereby such amortised cost approximated fair value.

On adoption of IFRS 9 the group has retrospectively classified the investment in the Karoo Fund as FVTPL. Financial assets at FVTPL are measured at fair value, and changes therein are recognised in profit or loss.

There is no impact on the consolidated statement of financial position or the consolidated statement of changes in equity. The impact of adopting IFRS 9 is as follows:

Consolidated statement of financial position

As at 1 March 13

	Impact of change in accounting policy		
Euro	As previously reported	Adjustment	As restated
Investments	—	—	—
	—	—	—

30 June 2014

	Impact of change in accounting policy		
Euro	As previously reported	Adjustment	As restated
Investments	35 743 617	—	35 743 617
	35 743 617		35 743 617

Consolidated statement of profit or loss and other comprehensive income

As at 30 June 14

	Impact of change in accounting policy and reclassification		
Euro	As previously reported	Adjustment	As restated
Net (gain)/loss on investment property activity*	528 974	(528 974)	—
Fair value adjustments	—	707 528	707 528
Net finance (costs)/income*	509 539	(509 539)	—
Finance income	—	199 348	199 348
Finance costs	—	(876 699)	(876 699)
Disposal of investment property*	—	1 008 336	1 008 336
	1 038 513	—	1 038 513

* These adjustments do not relate to IFRS 9, rather they are reclassifications of prior year reported numbers to match the classification of similar transactions in the reporting period ending 30 June 2015. These adjustments have been made to aid comparability for the users of these consolidated financial statements.

Consolidated statement of cash flows

As at 30 June 14

	Impact of change in accounting policy		
Euro	As previously reported	Adjustment	As restated
Finance income	(1 386 238)	1 186 890	(199 348)
Movement in fair value adjustments	479 362	(1 186 890)	(707 528)
	(906 876)	—	(906 876)

Notes to the annual financial statements (continued)

For the year ended 30 June 2015

30. Significant shareholdings

	Year ended 30 June 15	Sixteen month period ended 30 June 14
Attacq Limited	**45,26%**	47,25%
Argosy Capital Limited	**11,48%**	11,16%
Sanlam Life Insurance Limited	**4,50%**	6,02%

31. Contingencies and commitments

Contingent liability

Contingent liabilities represent items that, at 30 June 2015, are not recognised in the statement of financial position either because the group has no present obligation or because there is a present obligation but there is significant uncertainty at that date as to the amounts that will be required to be paid. The estimate of £2 750 000 (approx. €3 865 675) represents the amount that will become payable by Santon North Street Limited on receipt of implementable planning permission being granted on the development at Lewes, East Sussex.

Capital commitment

The group entered into contracts for the construction and development of New Waverley (see note 11). These contracts will give rise to expenses of £31 203 848 (approx. €43 863 249) over the next two years, these expenses will be capitalised as part of the New Waverley development.

Santon North Street Limited is also committed to expenditure of £130 000 (approx. €182 741). This is payable in £10 000 (approx. €14 057) instalments over the next 13 months, and will be capitalised as part of the North Street Quarter development.

32. First time adoption of IFRS

In the prior reporting period the group prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. However, as a result of the company transferring its listing to the Main Board of the JSE, the group has prepared these consolidated financial statements in accordance with IFRS.

The group has adopted the following standards for the year beginning 1 July 2014 as a result of preparing these consolidated financial statements in accordance with IFRS:

IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)
IAS 32	Financial Instruments Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (December 2011)
IFRS 10	Consolidated Financial Statements (May 2011)
IFRS 11	Joint Arrangements (May 2011)
IFRS 12	Disclosure of Interests in Other Entities (May 2011)
	Annual improvements to IFRSs – 2010 to 2012 cycle
	Annual improvements to IFRSs – 2011 to 2013 cycle

This change implies, under IFRS 1, that the group is technically preparing the financial statements in accordance with IFRS for the first time. In accordance with IFRS 1, the group's accounting policies and newly adopted standards were assessed, and it was concluded the change to IFRS as adopted by the IASB did not materially affect the accounting policies or the manner in which the financial statements are prepared or presented. As such there have been no adjustment to prior reported figures and no further disclosure has been made in respect of IFRS 1.

33. Subsequent events

No material events outside of the ordinary course of business have occurred between the reporting date and signature date of these consolidated financial statements.

34. Other JSE disclosures

Property address	Type	GLA m²	Vacancy m²	Vacancy	Gross rental m²	WALT*
Mulbachstrasse 41, Zurich, Switzerland	Industrial	5 699	—	0,0%	228,81	9,25
Steinmuhler Strasse 1, Parsberg, Germany	Retail	1 306	—	0,0%	104,68	14,42
Teichacker Strasse 1, Kuppenheim, Germany	Retail	1 295	—	0,0%	86,57	14,42
Seeweg 5, Herbolzheim, Germany	Retail	1 308	—	0,0%	72,24	14,42
Innere Neumatten 5, Staufen, Germany	Retail	1 308	—	0,0%	82,83	14,42
Mercedesstrasse 36, Rottenburg-Ergenzingen, Germany	Retail	1 542	—	0,0%	73,92	14,42
Eisenbahnstraße 77, Frankenthal, Germany	Retail	7 452	—	0,0%	73,81	13,83
Vollmerhauser Straße 52, Gummersbach, Germany	Retail	10 937	—	0,0%	100,58	13,83
Hallesche Straße 141, Nordhausen, Germany	Retail	6 902	—	0,0%	79,69	13,83
Bregstrabe, Donauschingen, Germany	Retail	8 235	—	0,0%	87,43	13,59
Tiergartenstraße 7, Heppenheim, Germany	Retail	24 696	7 460	30,2%	109,46	10,87
Schubertstrße 20, Gotha, Germany	Retail	9 442	—	0,0%	105,00	11,00
Kaiserstrasse 66, Bruchsal, Germany	Retail	7 118	15	0,2%	203,76	6,89
154-160 Sauchiehall Street, Glasgow (SL), United Kingdom	Retail	959	959	100,0%	—	—
Old Govan Road, Glasgow (BL), United Kingdom	Industrial	18 476	—	0,0%	3518	9,62
Langley Park , Chippenham (CL), United Kingdom	Industrial	37 307	3 083	8,3%	47,22	8,15
Langley Park , Chippenham (LPL), United Kingdom	Mixed use	36 865	30 485	82,7%	20,10	1,58
Phoenix Works, Lewes, United Kingdom	Mixed use	14 199	7 703	54,3%	14,63	1,26
New Waverley, Edinburgh (NW), United Kingdom	Mixed use	—	—	100,0%	—	—

Geographical	GLA m²	Vacancy m²	Vacancy	Current rental	Gross rental m²	WALT*	Forward yield
Switzerland	5 699	—	0,0%	1 180 220	219,74	9,25	5,6%
Germany	81 541	7 475	9,2%	4 806 043	105,46	11,49	4,7%
UK	107 806	42 230	39,2%	3 336 893	53,36	7,83	3,1%

Industry	GLA m²	Vacancy m²	Vacancy	Current rental	Gross rental m²	WALT*	Forward yield
Industrial	24 175	—	0,0%	2 048 893	89,60	9,38	6,7%
Retail	82 500	8 434	10,2%	5 245 505	105,46	11,49	5,0%
Mixed use	88 371	41 271	46,7%	2 028 758	54,89	7,21	2,1%

As at 30 June 15

Country	Revenue Euro	Rental area (sqm)	Occupancy	WALT*	Yield	Rent per sqm Euro
Switzerland	**1 252 281**	**5 699**	**100,0%**	**9,3**	**5,9%**	**219,74**
Germany	**7 810 985**	**81 541**	**90,8%**	**11,5**	**7,6%**	**105,46**
UK	**3 499 188**	**107 806**	**60,8%**	**7,8**	**3,2%**	**53,36**
	12 562 454	**195 046**	**74,5%**	**10,3**	**5,4%**	**86,43**

Notes to the annual financial statements (continued)

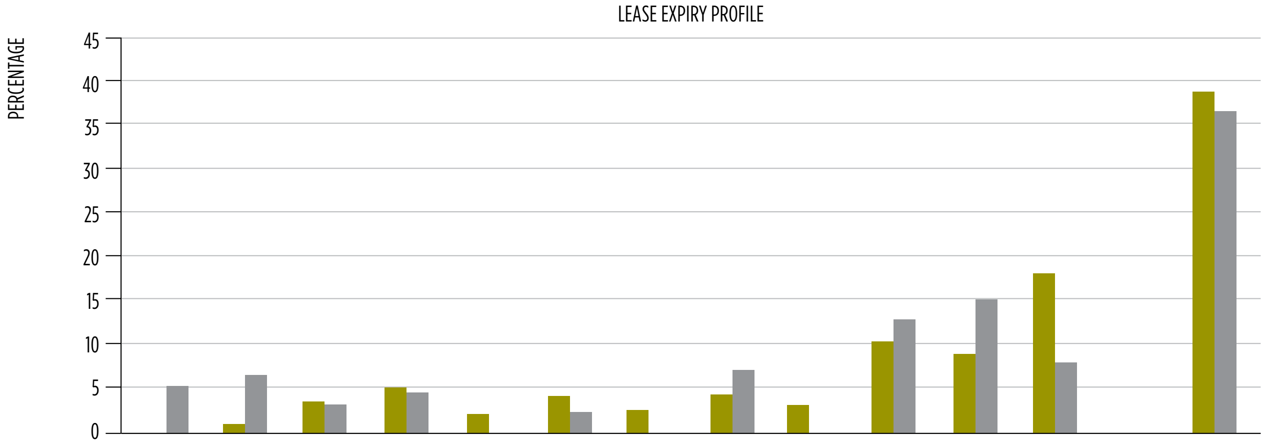
For the year ended 30 June 2015

34. Other JSE disclosures (continued)

Tenant Profile**	Number	WALT*
A	18	11,9
B	7	5,9
C	37	5,1
	62	10,3

* Weighted average lease term

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



	June 16	June 17	June 18	June 19	June 20	June 21	June 22	June 23	June 24	June 25	June 26	June 27	June 28	June 29
Gross rental	0,00%	0,70%	3,26%	4,99%	2,02%	3,92%	2,25%	4,05%	3,00%	10,23%	8,68%	18,01%	0,00%	38,89%
GLA	5,2%	6,4%	2,9%	4,3%	0,0%	2,2%	0,0%	6,9%	0,0%	12,7%	15,1%	7,7%	0,0%	36,7%

The group does not have fixed rental escalations. Rental escalations are predominately index linked or as a percentage of inflation and are not reliably determinable, accordingly, the group has not provided a weighted average rental escalation profile.

Shareholding disclosures

Public and non-public	No of shareholders	Percentage of total	No of shares	Percentage of total
Public	4 927	99,7%	122 919 107	42,1%
Non-public				
Significant shareholders	2	0,0%	165 547 722	56,8%
Directors and their associates	14	0,3%	3 310 090	1,1%
Company secretary	1	0,0%	10 970	0,0%
Total shareholders	4 944	100,0%	291 787 889	100,0%

Significant Shareholdings

Name	No of shares as at 30 June 2015	Percentage of shares as at 30 June 2015	No of shares as at 30 June 2014	Percentage of shares as at 30 June 2014
Attacq Limited	**132 049 113**	**45,26%**	132 049 113	47,25%
Argosy Capital Limited	**33 498 609**	**11,48%**	31 186 725	11,16%
Sanlam Life Insurance Limited	**13 122 556**	**4,50%**	16 821 832	6,02%
Total	**178 670 278**	**61,24%**	180 057 670	64,43%

Company information

For the year ended 30 June 2015

Company information and advisers

Registered office in the BVI
MAS Real Estate Inc.
Midocean Chambers
Road Town, Tortola
British Virgin Islands

Correspondence address
MAS Real Estate Inc.
25 Athol Street
Douglas
Isle of Man
IM1 1LB

Company secretary
Helen Cullen ACIS
(Associate of the Institute of Chartered Secretaries & Administrators)

Independent auditor
KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

JSE sponsor
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BVI administrator
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Registrar/Transfer secretaries

British Virgin Islands
Computershare Investor Services (BVI) Limited
Registration number 003287V
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British Virgin Islands

South Africa
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
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Shareholder information

Registered in the British Virgin Islands	Company number	1750199
Registered as an external company in South Africa	Registration number	2010/000338/10
JSE share code		MSP
SEDOL (XLUX)		B96VLJ5
SEDOL (JSE)		B96TSD2
ISIN		VGG5884M1041
Number of shares in issue as at 30 June 2015		291 787 889

Notice to Shareholders

MAS Real Estate Inc. (the "company")

NOTICE IS HEREBY GIVEN THAT A MEETING OF THE SHAREHOLDERS OF THE COMPANY WILL BE HELD AT 25 ATHOL STREET, DOUGLAS, ISLE OF MAN ON 28 JANUARY 2016 AT 10.00 a.m (GMT) FOR THE FOLLOWING PURPOSES:
(All resolutions require at least 50% of the voting rights exercised unless otherwise stated)

IT IS RESOLVED:

Resolution number 1

To receive and adopt the annual financial statements for the year ended 30 June 2015 and the directors' report and the auditors' report:
The consolidated financial statements of the company and its subsidiaries, including the auditors' report and the directors' report for the year ended 30 June 2015 will be presented to the shareholders at the Shareholders' Meeting. A complete set of the audited consolidated financial statements together with the aforementioned reports are set out on pages 48 to 102 of the Integrated Annual Report.

Resolution number 2

To re-elect Jaco Jansen as a director who retires by rotation in accordance with the articles of association of the company:
Jaco is an independent non-executive director and head of the investment services division of the Maitland Group, which manages in excess of $500 million for private clients and provides investment advice on a multi-asset class basis to institutional clients with $2,3 billion of assets. Jaco is a registered South African chartered accountant and is based in the Isle of Man.

Resolution number 3

To re-elect Lukas Nakos as a director who retires by rotation in accordance with the articles of association of the company:
Lukas is the chief executive officer and an experienced senior real-estate professional, having previously served as the chief operating officer of a privately owned niche international financial services group with significant real-estate exposure, where he played a key role in constructing the European real-estate portfolio. Lukas is based in the Isle of Man.

Resolution number 4

To re-appoint KPMG Audit LLC as auditors of the company

Resolution number 5

Authority to Issue Shares pursuant to Article 3.10.2.4 of the Articles of Association:
That pursuant to Article 3.10.2.4 the Directors are authorised to allot and issue such number of unissued ordinary shares of no par value in the Company not exceeding 15% of the total number of shares currently in issue (to be determined as at the date of this notice of shareholders' meeting), as they think fit, from time to time and on such terms and to such persons as may be determined at their discretion, for the purposes of the extinction or payment of any liability, obligation or commitment of the Group, including for the purposes of a vendor consideration placement as contemplated in the JSE Listings Requirements, subject at all times to the provisions of the BVI Business Companies Act 2004 as amended, the Memorandum and Articles of Association of the Company, the provisions of the JSE Listings Requirements and the rules of the Luxembourg Stock Exchange and subject to the maximum discount at which such shares may be issued in terms of section 5.62 of the JSE Listings Requirements and subject further to the issue price of such shares not being less than the most recently reported consolidated net asset value per share (NAVPS) of the Company and its subsidiaries as at the date of issue of such shares.

Resolution number 6

General Authority to Issue Shares for Cash pursuant to Article 3.10.2.3 of the Articles of Association *(requiring the support of at least 75% of the voting rights in the Company exercised in relation thereto to be passed):*
That the Directors of the Company, as a general authorisation in accordance with Article 3.10.2.3 of the Company's Articles of Association, be and are hereby authorised to allot and issue for cash 43 768 183 shares, equating to 15% of the issued share capital of the Company on a non pre-emptive basis as they shall in their discretion deem fit, subject to the provisions of the JSE Listings Requirements and the rules of the Luxembourg Stock Exchange and subject to the restrictions set out below, namely that:

- the general authority shall only be valid until the next annual shareholders' meeting of the Company or fifteen months from the date of passing of this resolution, whichever is the earlier;
- the shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights as are convertible into a class already in issue;
- the allotment and issue of shares for cash shall be made only to persons qualifying as 'public shareholders', as defined in the JSE Listings Requirements and not to 'related parties';
- the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 43 768 183 shares, equating to 15% of the Company's issued shares as at the date of this notice of shareholders' meeting. Accordingly, any shares issued under this authority prior to the authority lapsing shall be deducted from the total number of shares the Company is authorised to issue pursuant to this authority for the purpose of determining the remaining number of shares that may be issued under this authority;

Notice to Shareholders (continued)

MAS Real Estate Inc. (the "company")

Resolution number 6 (continued)

- in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted pro rata to represent the same allocation ratio;
- the maximum discount at which shares may be issued under this authority is 10% of the weighted average traded price on the JSE of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party(ies) subscribing for the shares provided that only a maximum of 5% of the Company's issued share as at the date of this notice of shareholders' meeting, may be issued under this authority at a discount to the most recently reported consolidated NAVPS of the Company and its subsidiaries as at the date of issue of such shares;
- after the Company has issued shares for cash, representing 5% or more of the number of shares in issue prior to that issue, on a cumulative basis within a financial year in terms of this general authority, the Company shall publish an announcement containing full details of that issue, including:
  - the number of shares issued; and
  - the average discount to the weighted average traded price on the JSE over 30 business days prior to the date that the price of the issue is agreed between the Company and the party(ies) subscribing for the shares.

By order of the board

Helen Cullen
Company secretary

10 September 2015

Correspondence address:
25 Athol Street
Douglas
Isle of Man
IM1 1LB

Note: A shareholder may be represented at the meeting by a proxy, who need not be a shareholder, to speak and vote on behalf of the shareholder. Please note the details for the return of proxy forms vary for European and South African shareholders.

MAS REAL ESTATE INC

Form of Proxy: For shareholders on the South African register

NOTICE IS HEREBY GIVEN THAT A MEETING OF THE SHAREHOLDERS OF THE COMPANY WILL BE HELD AT 25 ATHOL STREET, DOUGLAS, ISLE OF MAN ON THURSDAY, 28 JANUARY 2016 AT 10.00 a.m. GMT TO CONSIDER AND, IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTIONS:

Only for use by certificated shareholders or dematerialised shareholders of MAS Real Estate Inc. (''MAS'' or'' the Company'') who have selected "own-name" registration.

For use by MAS shareholders at the Shareholders' Meeting to be held at 25 Athol Street, Douglas, Isle of Man on 28 January 2016 at 10.00am and at any adjournment or postponement thereof. If you have dematerialised your ordinary shares with a Central Securities Depository Participant ("CSDP") or broker and have not selected "own-name" registration, you must arrange with your CSDP or broker to provide you with the necessary letter of representation to attend the Shareholders Meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or broker.

I/We (Names in full – please print) ....

of (address – please print): ....

being the shareholder of .... ordinary shares in MAS Real Estate Inc hereby appoint:

1. .... of .... or failing him/her,.................................

2. .... of .... or failing him/her,.................................

the chairman of the meeting as my/our proxy to attend and vote for me/us at the Shareholders Meeting and at any adjournment thereof, and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions (see notes):

	FOR	AGAINST	VOTE WITHHELD
1. To receive and adopt the annual financial statements for the year ended 30 June 2015 and the directors' report and the auditors' report			
2. To re-elect Jaco Jansen as a director who retires by rotation in accordance with the articles of association of the company			
3. To re-elect Lukas Nakos as a director who retires by rotation in accordance with the articles of association of the company			
4. To re-appoint KPMG Audit LLC as auditors of the company			
5. Authority Issue Shares pursuant to Article 3.10.2.4 of the Articles of Association			
6. General Authority to Issue Shares for Cash pursuant to Article 3.10.2.3 of the Articles of Association			

Signed at .... on 2015/6

Name..
(in block letters)

....
Signature/s

....
Assisted by me
(If applicable)

....
Full name/s of signatory/ies if signing in a representative capacity
(in block letters and authority to be attached – see note 11)

Form of Proxy (continued)

Please read the notes below:

Notes

1. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of MAS) to attend, speak, vote or abstain from voting in place of that shareholder at the Shareholders' Meeting.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the meeting" but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the Shareholders Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. The record date on which shareholders must be registered in the register of members in order to attend and note at the meeting is 26 January 2016 (or in the event that the meeting is adjourned on the register of members 48 hours before the time of any adjournment meeting
4. Forms of proxy must be lodged with or posted to the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 9.00 a.am (South African Time) on 26 January 2016.
5. The completion and lodging of this form of proxy will not preclude the shareholder from attending the Shareholders Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
6. If the signatory does not indicate in the appropriate place on the face hereof how he/she wishes to vote in respect of any resolutions, his/her proxy shall be entitled to vote as he/she deems fit in respect of that resolution, and in the case of the appointment of the chairman of the meeting as proxy shareholder, the proxy shareholder will vote in favour of the resolution.
7. The chairman of meeting shall be entitled to decline to accept the authority of a person signing this form of proxy:
   - under a power of attorney; or
   - on behalf of a company;

   unless the power of attorney or authority is deposited at the office of MAS transfer secretaries, not less than 48 hours before the time appointed for the holding of the Shareholders meeting.
8. The chairman of the meeting may reject or accept any form of proxy, which is completed and/or received other than in accordance with these notes, provided that the chairman of the meeting is satisfied as to the manner in which the shareholder concerned wishes to vote.
9. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alterations must be signed, not initialled.
10. If the holding is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total holding registered in the shareholder's name.
11. A vote given in terms of an instrument of proxy shall be valid in relation to the Shareholders Meeting, notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in MAS respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries no less than 48 hours before the commencement of the Shareholders Meeting.
12. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by MAS or its transfer secretaries or waived by the chairman of the meeting.
13. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with MAS or the transfer secretaries.
14. Where there are joint shareholders of shares and if more than one such joint shareholder is present or represented thereat, then the person whose name appears first in the register of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
15. Where shares are held jointly, all joint shareholders are required to sign.
16. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of MAS.
17. Dematerialised shareholders who have not selected "own-name" registration and who wish to attend the Shareholders Meeting or to vote by way of proxy, must advise their CSDP or broker who will issue the necessary letter of representation in writing for a dematerialised shareholder or proxy to do so.
18. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the shareholder.
19. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of the Shareholders Meeting or other matters that may properly come before the meeting.

Transfer Secretaries:
Computershare Investor Services Proprietary Limited
Reg. No. 2004/003647/07
Proxy Dept., PO Box 61051, Marshalltown 2107, South Africa
Fax: +27 11 688 5238

Project management: De Kock Communications
Design and layout: Fresh Identity
Printing: Hansa Digital and Litho Print

MAS REAL ESTATE INC

www.masrei.com