



MAS REAL ESTATE

GREEN PROPERTY INVESTOR
IN CENTRAL AND EASTERN EUROPE



ANNUAL REPORT
2021

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The Group expects to benefit from the continual high growth in Central and Eastern European consumption by directly deploying capital in income property and indirectly in commercial and residential developments via the DJV with co-investor, developer and general contractor Prime Kapital. Capital historically invested in Western European property is being divested. The Board and management aim to maximise total long-term returns from green property investments on a per share basis by concentrating on capital allocation, operational excellence, sensible leveraging and cost efficiency, thereby sustainably growing distributable earnings per share.



Rendering: Ploiesti Residential

Highlights

- ✓ CEE tenants' sales above 2019 levels
- ✓ 87% Pro forma CEE collection rate
- ✓ Dambovitá Mall opening (Aug 2020)
- ✓ Sepsí Value Centre opening (Mar 2021)
- ✓ Strong liquidity profile
- ✓ REIT portfolio restructuring
- ✓ Green ratings for all CEE income property assets
- ✓ Credit ratings from Moody's and Fitch
- ✓ Inaugural Eurobond issue
- ↻ €435.6 million of WE property disposals
(€91.6 million New Uberior House, completed on 26 August 2021)
- ↻ Restructuring of corporate and relocation of functions
- ↻ Development pipeline growth
- ↻ Succession



Photo: Sepsi Value Centre

Directors' Commentary

Introduction and background

MAS (hereafter referred to as the Group or Company) continued performing satisfactorily during the second part of the financial year ended 30 June 2021, achieving adjusted total earnings of €47.4million, and adjusted total earnings of €104.4million for the full financial year. The Group's financial results and progress with strategic matters are discussed within.

In addition to the reported International Financial Reporting Standards (IFRS) results, this commentary also includes segmental reporting prepared on a proportionate consolidated basis. The latter assists the interpretation of the former rather than replacing it. Detailed financial results and Company Profile, updated on 30 June 2021, including highlights and supplemental operational information, are available on the Company's website. Unless otherwise stated, all amounts are presented on an adjusted proportionate consolidated basis.

MAS' primary business is the investment in, and operation of, green retail assets in Central and Eastern Europe (CEE). Leveraging the region's continual high growth in consumption, combined with approximately 200 real estate professionals, the Group is well positioned to generate strong like-for-like (LFL) net rental income (NRI) growth from retail holdings through increasing tenants' sales and asset management initiatives. MAS benefits from exposure to retail and residential developments, on a downside protected basis, via the Development Joint Venture (DJV)¹ with developer Prime Kapital.

Financial results

Group adjusted total earnings are, on a segmented basis, the combined return of:

(i) directly-owned income property and operations in CEE; (ii) Central and Eastern European investments with Prime Kapital in the DJV (including proportionate earnings from a proportion of completed DJV-owned income properties and development activities);

(iii) directly-owned income property operations in Western Europe (WE) (which MAS has mostly disposed of), and (iv) investments in listed securities (including other elements disclosed as Corporate).

Given the Group's commitment to the strategic disposal program in WE, the entire Western European segment is reflected as assets held for sale and the results of the segment as 'discontinued operations' in the IFRS financial statements for the financial year ended 30 June 2021.

Adjusted total earnings of €104.4million for the full financial year comprise adjusted distributable earnings of €40.6million (net of €6.8million in provisions, rent holidays and discounts granted to tenants due to the ongoing pandemic) and adjusted non-distributable earnings of €63.8million, compared to adjusted total losses of €39.0million for the previous financial year, which comprised adjusted distributable earnings of €49.4million and adjusted non-distributable losses of €88.4million.² Tangible net asset value (NAV) was €1.24 per share on 30 June 2021, an increase of 6.9% from 31 December 2020 and 15.9% from the end of the previous financial year (ended 30 June 2020).

Adjusted distributable earnings for the financial year were 5.93eurocents per share, resulting from 2.81eurocents per share for the six months ended 30 June 2021 and 3.12eurocents per share for the preceding six months.

Variance in MAS' adjusted total earnings compared to the financial year ended 30 June 2020 is due to positive outcomes generated by: (i) continuing satisfactory performance of retail properties in CEE, especially Romanian open-air malls, and high rental and service charge collections within the context of the ongoing pandemic; (ii) the successful opening, and subsequent satisfactory trading, of two commercial developments completed by the DJV during the financial year, Dambovită



5.93 eurocents
ADJUSTED DISTRIBUTABLE
EARNINGS PER SHARE

124 eurocents
TANGIBLE NET ASSET
VALUE PER SHARE

€1.36bn
TOTAL ASSETS ON AN ADJUSTED
PROPORTIONATE BASIS

93%
TOTAL ASSETS
OCCUPANCY

Mall (Targoviste, Romania; opened August 2020) and Seps Value Centre (Sfantu Gheorghe, Romania; opened March 2021); (iii) improvements in Central and Eastern European asset valuations due to previous points; (iv) exceptional results from a well-structured asset sale process in WE, and (v) increases to the value of Group's listed securities following restructuring of portfolio.

The positives above have been partially offset by unfavourable variances in earnings, which resulted from strategic initiatives positioning the Group to optimise future total returns, due to: (i) ongoing Western European asset sales, and (ii) the issue of a €300million unsecured, five-year green Eurobond.

¹ DJV is an abbreviation for a separate corporate entity named PKM Development Limited (PKM Development), an associate of MAS since 2016 with independent governance. MAS owns 40% of the ordinary share capital of PKM Development, an investment conditional on its irrevocably undertaking to provide preference share capital to PKM Development on notice of drawdown. MAS' undertakings to PKM Development arose prior to Prime Kapital's founders joining MAS' Board in November 2019 and are unaffected. On 30 June 2021, MAS had invested €233.3million in preference shares and had an obligation of €186.7million outstanding (figures not proportionally consolidated). The balance of the ordinary share capital in PKM Development was taken up by Prime Kapital in 2016 for €30million in cash, and, in terms of applicable contractual undertakings and restrictions: (i) is not permitted to undertake real estate development in CEE outside of PKM Development until the DJV's capital commitments are fully drawn and invested or 2025 (end of exclusivity period); (ii) contributed secured development pipeline to PKM Development at cost; (iii) takes responsibility for sourcing further developments, and (iv) provides PKM Development with all necessary construction and development services via integrated in-house platform.

² From mid-March 2020, trading conditions and prospects deteriorated due to Covid-19's unprecedented spread, necessitating the Company to undertake appropriate measures, including, the drawdown of finance facilities, re-structuring the sales process of assets in WE, suspending dividend declarations and postponing appropriate developments and extensions. Authorities in all regions where MAS operates introduced strict pandemic restrictions, including closing all non-essential retail property and hospitality operations spring 2020. Inevitably, the restrictions introduced directly, and negatively, impacted the performance of MAS' non-essential retail and hospitality tenants and some smaller essential retailers. Accordingly, the financial results for the six months ended 30 June 2020 included an adjusted total loss of €85.5million, leading to an adjusted total loss of €39million for the twelve months ended 30 June 2020.

Operations

In CEE, the Group's operational performance for the financial year showed a strong recovery in tenants' sales as, due to the European Union's vaccination rollouts and decrease of Covid-19 infection rates in the second half of the financial year, authorities have gradually lifted restrictions. Restrictions during the financial year predominantly affected indoor food and beverage operators and leisure tenants in CEE. In addition, non-essential tenants in Bulgaria and Poland were affected by lockdowns re-introduced by authorities

during November and December 2020 and January, March and April 2021.

Tenants' sales have recovered since the start of the pandemic, and consistently exceeded pre-pandemic levels at open-air malls. The Group's operations in Poland, albeit one enclosed mall, have been further negatively impacted by authorities imposing restrictions on lease and cost recoveries by landlords from tenants during lockdowns. MAS continued supporting struggling tenants, especially smaller retailers and leisure tenants.

Despite improved occupancy at standing assets in CEE, total Central and Eastern European portfolio occupancy on 30 June 2021 remained approximately constant at 93.2% (93.3% on 31 December 2020; 93.1% on 30 June 2020). This was due to new developments opening with lower occupancy (92% Dambovita Mall and 93.7% Seps Value Centre; very good levels during the pandemic), as well as the refurbishment of Atrium Mall, that weighed negatively on overall occupancy.

Table 1: Central and Eastern European GLA affected by restrictions, LFL footfall (compared to 2019 calendar year), LFL tenants' sales (compared to 2019 calendar year), income entitlements (including invoicing, waivers and deferrals), collection rate (collections compared to invoicing) and pro forma collection rate (collections compared to the total expected income disregarding impact of Covid-19) (all figures were reported on 19 August 2021)

		Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Total
Open GLA ³	%	95	96	96	96	83	79	73	87	86	81	92	93	88
Restricted GLA ⁴	%	3	2	3	3	6	2	3	4	2	3	6	7	4
Closed GLA ⁵	%	2	2	1	1	11	19	24	9	12	16	2	-	8
Footfall (2021 compared to 2019)	%	79	78	85	85	70	65	73	94	77	78	95	91	81
Open-air malls	%	91	84	90	93	83	85	117	110	96	105	105	99	97
Enclosed malls	%	67	72	79	77	55	42	36	79	58	50	84	83	65
Tenants' sales per m² (2021 compared to 2019)	%	91	90	95	99	85	97	116	119	92	101	116	102	100
Open-air malls	%	103	96	104	112	102	98	116	114	103	115	119	107	107
Enclosed malls	%	78	82	84	82	57	91	98	126	72	70	112	97	77
Total pre-pandemic income expectation	€m	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.1	4.1	4.1	48.1
Income waived, deferred or suspended	€m	0.3	0.3	0.3	0.3	0.5	0.6	0.9	0.3	0.5	0.8	0.2	0.1	5.1
Due income (invoiced)	€m	3.6	3.6	3.7	3.7	3.5	3.4	3.1	3.7	3.5	3.3	3.9	4.0	43.0
Collection rate	%	98	98	98	98	98	98	97	98	98	98	98	98	98
Pro forma collection rate	%	90	90	91	91	85	83	76	91	85	80	92	95	87

Trade restrictions and footfall in CEE

By July 2020, most Covid-19 related trading restrictions were lifted and tenants representing approximately 95.2% of gross rental income could trade with limited restrictions until the end of October 2020.

Of the three Central and Eastern European countries where MAS operates retail properties, Romania was least affected by closures and restrictions during the 2021 financial year, the latter in respect of indoor food, beverage and leisure tenants, as well as regional restrictions introduced during November 2020, varying from limiting trading capacity to closing non-essential retailers on certain days.

Bulgarian authorities closed non-essential retail during the last week of November 2020. Polish authorities closed non-essential retail for three weeks in November 2020, permitted reopening on 28 November and closed again on 28 December.

Bulgarian and Polish authorities further closed non-essential retail for the entire month of January (reopening on 1 February), and re-introduced closures 18 March to 16 April in Bulgaria and 15 March to 3 May in Poland, except for food and beverage tenants whose operations were limited to takeaway and delivery. Like Romania, indoor food and beverage tenants in both countries have been trading since reopening with capacity restrictions.

By June 2021, all Central and Eastern European tenants have resumed trading, albeit with limited capacity restrictions dependant on local legislative social distancing measures.

Overall footfall in CEE for the year ended 30 June 2021 has reflected closures and restrictions, which continued to vary between open-air and enclosed malls. LFL footfall in CEE was 81% compared to the similar period of 2019, with substantial variations between open-air malls (3% decrease) and enclosed malls (35% decrease).

Footfall in respect of centres opened during the financial year (Dambovita Mall opened August 2020; Seps Value Centre opened March 2021) has been consistent with the Group's other similar centres.

Tenants' operations in CEE

Despite lower footfall, total sales in CEE recovered strongly and progressively from July to October, weakened in November and December (due the closures in Bulgaria (December) and Poland (November), as well as Romania's lighter restrictions), and improved dramatically from January 2021. Tenants' sales were 7% higher during the second six months of the 2021 financial year compared to the same period in 2019, with the result that total tenants' sales for the 2021 financial year were on par with the pre-pandemic period.

Sales at open-air malls were generally strong. Despite a relatively weak November and December, LFL sales at open-air malls for the first six months of the financial year were 2% higher than sales for the same period in 2019 and improved further, to 12%, during the second six months of the financial year compared to sales for the same period in 2019.

³ GLA open for trade without restriction.

⁴ GLA open for trade subject to restrictions (computed on a pro rata basis to reflect days with restrictions).

⁵ GLA closed for trade (computed on a pro rata basis to reflect closures).

DIY, pet store and grocery sales, strongly outperformed LFL sales compared to the same period in 2019. Certain categories, such as entertainment, toys, furnishing and services, have not returned to pre-pandemic levels and have experienced lower sales compared to 2019. All categories, excepting leisure, services and food operators, have performed on par or better than during the previous financial year. Excepting leisure tenants, in the second half of the 2021 financial year, all categories' sales have outperformed those of the comparable period. Fashion (clothing, shoes and accessories) and food operators' sales have improved by over 30% in the second half of the 2021 financial year compared to the same period of the previous financial year.

Tenants at Dambovită Mall have performed exceptionally well, substantially exceeding average sales performances in enclosed malls, while sales at Sepsi Value Centre have been in line with similar open-air malls.

Invoicing and collections

Collection rates in CEE have been satisfactory during the year ended 30 June 2021, with individual collection rates influenced by local restrictions. Overall, for the year ended 30 June 2021, the pro forma collection rate for all Central and Eastern European properties was 87%, which included 77% for Bulgaria and 71% for Poland (reflecting Covid-19 hard lockdowns in November and December 2020, and January, March and April 2021). In Romania, pro forma cash collections in excess of 95% have consistently been achieved, with (4%) waived, deferred or suspended. This was driven by the strong operational performances of open-air mall tenants (pro forma collection rate 98%), while enclosed malls' lagged behind them (pro forma collection rate 87%).

Properties opened during the pandemic by the DJV have achieved exemplary collection rates, with Sepsi Value Centre achieving 99% pro forma cash collections since opening March 2021, and 95% pro forma collections at Dambovită Mall.

Western Europe (WE)

Assets held in WE, of which 78% (based on GLA and excluding land) were sold (some subject to conditions precedent) by December 2020, were unaffected by the pandemic (given a large proportion of essential retail tenants, industrial, logistics and office properties owned in WE) and performed as expected, excepting Adagio Hotel and the Arches street retail units (Scotland), and Flensburg Galerie (Germany).

At Flensburg Galerie (Germany) authorities first introduced restrictions in November 2020. These were hardened from 16 December 2020 to 17 March 2021 and subsequently reduced to capacity restrictions for indoor food and beverage operators only (which remained in place until 26 July 2021).

This led to a 96% pro forma collection rate for the financial year that ended on 30 June 2021. The Scottish Government imposed a hard lockdown on 22 December 2020 and implemented a phased reopening plan.

Consequently, hospitality and non-essential retail have been subject to significant restrictions up until 26 April 2021, which affected the Adagio Hotel and Arches street retail units' operations.

Property valuations

Improved property valuations contributed to the positive results for the financial year. Fair value uplift of €17.2million to income property was recorded, based on independent external valuations. This is the result of positive fair value adjustments to income property of €27.4million in CEE offset by reductions of €10.2million in WE.

Valuation of MAS' properties is determined biannually by external, independent professional valuers, with appropriate, and recognised, qualifications and recent experience in the location and category of property. Valuations are primarily based on discounted forecast cash flows and are therefore forward looking. The continued strong trading performance of Romanian properties, including the two assets completed by the DJV during the Covid-19 pandemic, have driven the valuation improvements in CEE, while the weighted average unlevered discount rate for income property in CEE decreased marginally from 10.24% to 10.17% compared to valuations on 30 June 2020.

Income properties for sale in WE, held by the Group on 30 June 2021, have been subject to marginal increases in unlevered discount rates. The valuation of Western European assets has not generated significant changes in fair value for the financial year ended on 30 June 2021 and were mostly a result of updated capital expenditure assumptions, which had been anticipated and taken into consideration for purposes of the Group's tangible NAV reported on 30 June 2020 by means of management's estimation for WE disposal realisation costs and losses and which were not offset against valuations. The sales process produced excellent results which lead to a significant decrease in management's reported estimation for WE disposal realisation costs and losses. Fair value losses should therefore be seen against the positive adjustment to this estimate.

Asset sales in WE

The financial results for the year ended on 30 June 2021 have benefitted from the success of the WE disposal program, which had been substantially restructured to increase bid quality and maximise pricing levels through extensive marketing and the provision of independent, comprehensive technical due diligence reports to assist with internal analysis, as well as detailed negotiations with multiple bidders. During the first half of the financial year, MAS concluded agreements for the disposal of Western European property to the value of €316million, compared to book values of €293.7million on 30 June 2020.

Additional sales to the value of €119.6million have been contracted during the six months ended 30 June 2021, compared to book values of €104.7million on 31 December 2020.

All sales contracted were completed by 30 June 2021, except for the offices at New Uberior House, which were subsequently completed on 26 August 2021.

Following completion of the New Uberior House office property sale, MAS continue to hold for sale Flensburg Galerie and Gotha retail assets in Germany, as well as the Adagio Hotel, Arches street retail units, Malling Brooks and Langley Park land holdings in the UK, which will be disposed of opportunistically. The remaining assets have a combined €127.1million book value and €67.7million outstanding secured bank debt on 30 June 2021.

Management's estimation for Western European disposal realisation costs and losses (costs related to punitive fixed-interest arrangements, early debt repayment penalties, agency fees and potential discounts required to facilitate sales where buyers do not agree with valuers' capital expenditure assumptions or estimated rental value (ERV) assumptions for properties with high vacancies and other costs) in respect of properties held for sale on 30 June 2021 was €27.1million. An overall improvement of €25.6million to tangible NAV, due to a decrease in the estimation (as compared to the estimation at 30 June 2020), was recognised on 31 December 2020, reflecting the successful restructure of the Western European disposal program, while a further increase of €5.2million to tangible NAV on 30 June 2021 (compared to the figure reported on 31 December 2020) relates to disposals completed above book values during the six months ended 30 June 2021.

Listed securities

MAS restructured its listed securities portfolio during the financial year ended 30 June 2021. The process, which commenced pre-pandemic, involved selling holdings in illiquid companies and continuing to hold shares in Unibail-Rodamco-Westfield and Klépierre, valued at €35.5million on 30 June 2020. By 31 December 2020, €5.9million of securities had been disposed of at a realised profit of €0.5million (compared to values on 30 June 2020) while the difference to the €5.2million adjusted non-distributable earnings reported for the six months ended 31 December 2020 were unrealised.

On 31 December 2020, MAS held listed securities to the value of €34.9million, the majority representing shares in Unibail-Rodamco-Westfield and Klépierre held in the form of contracts for difference, which were disposed of for €36.8million in January 2021, at a realised profit of €3.96million (compared to 31 December 2020). The Group reallocated capital to holdings in NEPI Rockcastle, a Central and Eastern European property owner and operator, owning securities to the value of €33.6million on 30 June 2021, after unrealised fair value gains of €5.2million compared to their acquisition value (in addition to €0.9million in dividends received).

Developments, extensions and refurbishments in the DJV

Dambovită Mall (Romania) opened for trade on 20 August 2020, during the pandemic, with 92% occupancy of the 31,200m² completed GLA. The mall was scheduled to open in May 2020 and had to be delayed due to the country's strict lockdown introduced in March 2020. Tenants who committed to 1,312m² GLA did not perform fit out and did not open. The development has potential for a further approximately 11,700m² GLA extension.

Some retail developments that were put on hold due to the pandemic were brought forward to take account of the strong performances of anchor tenants in open-air malls from July to December 2020 and Dambovită Mall since opening, the expectation that consumer spending will recover to pre-pandemic levels sooner than initially feared and that a vaccine will be widely available in the second half of 2021 (calendar year), enabling consumer behaviour in Group's markets to begin returning to normal.

Sepsi Value Centre was completed and opened as planned in March 2021 with 93.7% of the 16,900m² GLA occupied. The project is located in Sfântu Gheorghe, the capital of Romania's Hungarian-speaking Covasna County, with a population of approximately 56,000 and approximately 214,000 inhabitants in the surrounding region. Together with adjacent retail and DIY stores, the centre forms a regionally dominant 33,300m² retail node attracting customers from the wider area.

The yield on cost for both developments completed during the financial year (Dambovită Mall and Sepsi Value Centre) is 9.5%, which, combined with high collection rates since opening, highlights the quality of the development. Footfall and trading levels experienced since opening were generally well above expectations.

Construction of Barlad and Prahova (Ploiesti) Value Centres started, as scheduled, during April 2021 and they are expected to open November 2021. At Barlad, 92% of the Phase One planned GLA is leased to anchors, including Carrefour, Agroland, C&A, Deichmann, Flanco, Hervis, Jysk, KFC, New Yorker, Noriel, Pepco, Sportissimo and Takko. At Ploiesti, there has been very strong tenant interest in the development's Phase One since leasing commenced December 2020. Of Phase One, 70% of planned GLA is leased to anchors, including Carrefour, Altex, Deichmann, Hervis, Jysk, KFC, Maxi Pet, New Yorker, Noriel, Sportissimo and Takko.

The planned start of construction at Alba Iulia of an enclosed mall was postponed until November 2021 due to permitting delays. Construction at Arges Mall is presently unscheduled, as a result of a contractual breach by one of two sellers. The DJV initiated legal proceedings against this seller. Construction at Mall Moldova has been scheduled for November 2022, subject to permitting renewals.

Construction on Marmura Residence, the DJV's first residential development in Bucharest, continues and it is expected that four buildings will be completed by December 2021, the fifth by June 2022. Sales have exceeded expectations. Of the first two buildings (A and D) released for sale, 93% of the residential units have been contracted, whilst the corresponding figure for building C, which was released for sale after the initial two, is 71%. Sales in respect of residential units for Building B, released for sale in February 2021, and building E, released for sale at the end of June 2021, are also progressing (45% and 6% respectively). Thus, all 459 apartments have been released for sale with 293 (63.8%) sold. The development's community centre is expected to open as a sales office at the start of September 2021 providing customers with access to the project and show units for the first time since sales commenced. This is expected to further encourage sales.

At Avalon Estate, 34 (87%) of 39 villas, townhouses and apartments, released for sale prior to the issue of the building permit were sold, with the unsold reserved as show units. Of 83 apartments released for sale late July 2020, 55 (66%) were sold and 67 (59%) of 113 apartments and townhouses released for sale late February 2021 were sold. A further 32 apartments and townhouses were released for sale in June 2021, of which 18 (56%) were sold. This is an approximately 8ha, low-density development site, and Phase One originally comprised 254 of the 746 planned dwellings, perimeter walls, main gatehouse, clubhouse, approximately 50% of the extensive landscaped parks and green areas and internal and external infrastructure works. However, given the high number of sales, Phase One has been extended to include two further T-blocks (64 units).

As a result, the total numbers of units in Phase One was increased to 318 (43% of the total 746 units). Presently, 65% of the 267 of residential units currently released for sale have been sold. Phase One continues on schedule and is expected to be delivered gradually from December 2021 until completion in June 2022. The 200m² sales office and showroom located in the gatehouse and the first show units are expected to open to the public during November 2021.

In February 2021, a residential sales office opened at the Silk District site. Construction on the approximately 10ha project's substantial infrastructure and the First Phase of the residential development (315 apartments) was scheduled to commence during July 2021 but was unfortunately delayed due to permitting. The First Phase of the residential project was permitted 11 August 2021. Reservations prior to the issue of the building permits, were very strong, and the Second Phase of the residential project was partially released for reservations on 30 April 2021 and 364 (pre-permit) reservations were made. Currently, 183 of the (pre-permit) reservations have been converted into contracts.

Demolition has started. Construction on the First Phase of the residential project is expected to commence September 2021. This includes the main access road and a significant portion of the project infrastructure and corresponding parkland. Permitting for Phase Two and Three of the residential project is ongoing.

The Silk District office development has been permitted and pre-construction leasing activities will commence shortly. The start of construction will depend on tenant demand.

A 5.6ha site for a new residential development was secured close to Timisoara's city centre. The residential project consists of approximately 1,200 apartments and 8,000m² GLA of retail spaces and other support functions, such as a kindergarten in a restored historical building. Timisoara is Romania's third largest city with approximately 325,000 inhabitants and fourth largest university centre with over 40,000 students. It is located close to Romania's western border and has a good connection to the European motorway system. These factors attracted significant EU funding and private direct investments that facilitated the development of the city and region into one of Romania's main economic hubs. Timisoara is currently home to several large-scale multinationals and local companies, ranging from consulting (Deloitte, Ernst & Young, PwC) and industrial (Bosch, Continental) to IT and outsourcing (Accenture, Huawei, IBM, SAP, Wipro, Intel). The automotive industry and related sub-sectors played a significant role in the region's economic development. The growth of these companies resulted in the region outperforming rivals in terms of employment and gross domestic product (GDP). This has increased purchasing power and, coupled with favourable demographics (positive net migration and a young mobile population), resulted in a strong demand for residential property.

The DJV owns approximately 10ha in downtown Ploiesti, of which 8.2ha is currently under construction (Prahova Value Centre).

Given the robust demand for quality housing in Ploiesti, the DJV plans to develop approximately 500 residential units on the remainder. The residential development will be integrated with and complement the Second Phase of the open-air mall. Ploiesti (with over 200,000 inhabitants) is Romania's ninth largest city, and is located within a one-hour drive of Bucharest. Due to its proximity to and good road connections (via highway and national road) with the capital city, as well as access to a significant pool of qualified labour, Ploiesti attracted significant investments from several multinationals, which allowed it to emerge as one of Romania's main economic hubs with high employment rates and GDP. This has nurtured increases in purchasing power, the development of a robust middle class and demand for new, high-quality residential units.

Extensions and refurbishments to directly-owned assets

Planned extensions to directly-owned Militari Shopping, Galleria Burgas and Nova Park remain on hold and will be re-assessed during the second half of 2021 (calendar year). The refurbishment and reconfiguration of Atrium Mall is ongoing.

Debt, cost of debt and liquidity

On 30 June 2021, MAS had a combined €424.7million in cash, listed securities, expected net sales proceeds from the New Uberior House property sale and undrawn credit facilities (figure not proportionally consolidated). This is the result of MAS holding €287.1million in cash, €33.6million in listed securities and net estimated proceeds of €44.0million from the sale of New Uberior House (after repayment of €44.9million in secured debt, as well as transaction costs, tax, estimated early debt repayment penalties and other costs of approximately €2.7million).

The Company had, on 30 June 2021, an unsecured revolving facility of €60million, which was replaced, in August 2021, by a currently undrawn committed facility of €20million (which can be increased up to €60million) on improved terms when compared to the previous facility. On 30 June 2021, the Group had an ongoing undrawn preferred share investment commitment of €186.7million to the DJV (figure not proportionally consolidated).

MAS issued a €300million unsecured, five-year Eurobond maturing on 19 May 2026, carrying a 4.25% fixed coupon and partially used the proceeds to repay, by 30 June 2021, bank loans secured against directly owned Central and Eastern European investment properties. The Group's access to debt capital markets provides flexibility in attracting additional capital resources and the ability to issue unsecured group-level funding.

On 30 June 2021, the Group's bond and unsecured facility ratios demonstrated significant headroom compared to covenant tolerances, on both IFRS and proportionate consolidation bases.

The self-imposed, long-term Group overall debt limit, which is considerably more restrictive than its covenant tolerances, is a maximum loan-to-value (LTV) ratio of 40%, or, on a forward-looking basis, seven times net rental income. On 30 June 2021, the Group had €419.3million of outstanding debt (bonds and bank loans) and the LTV ratio was 12.6%. The effective LTV ratio, taking account of the sale of New Uberior House, is 4.2%. The weighted average cost of debt was 3.01% per annum for the financial year ended 30 June 2021.

	Tolerance	Actual IFRS	Actual proportionate consolidation basis
Solvency ratio	Shall not exceed 0.6	0.31	0.31
Consolidated coverage ratio	At least 2.5:1	4.32	4.23
Unencumbered consolidated total assets/unsecured consolidated total debt	Minimum 180%	381%	380%

Succession and changes to the Board of Directors

Following the transaction with Prime Kapital in November 2019⁶ (which included the acquisition of Prime Kapital's interests in MAS' directly-owned properties in CEE, the transfer of Prime Kapital's Central and Eastern European property management platform to MAS and the appointment of founders Martin Slabbert and Victor Semionov as Executive Directors of MAS to manage the Group's transition towards a fully focused CEE-based property investor and operator), MAS entered a transformative phase set against a backdrop of the global Covid-19 pandemic.

The terms of the transaction included a three-year mandate for the appointed executives to oversee the re-positioning of the business, a commitment to ensure that MAS builds and sustainably retains the ability to manage its income-generating investment properties in CEE without reliance on third parties and to strengthen its capacity to manage and grow its Central and Eastern European investments. It was planned for Martin and Victor to step down when the business transition to CEE was complete, and, given their pre-existing interest in Prime Kapital and MAS' pre-existing and ongoing business relationship with Prime Kapital via the DJV, returning full-time to Prime Kapital. The DJV owns considerable commercial investment property, developed by Prime Kapital and managed by MAS since November 2019, which will further increase as projects currently in the development pipeline are completed.

Commercial and residential developments undertaken by Prime Kapital in the DJV, and MAS' interest in them through the DJV, is expected to have a major positive impact on the Group's future financial performance. This, and Prime Kapital's position as a substantial, long-term MAS shareholder, suggest it to be mutually beneficial for the two groups to remain closely connected for the foreseeable future with independent executives.

Since November 2019: (i) MAS' operations and corporate structure streamlined, with the Company on redomicile track to, and appropriate functions relocated to, Malta; (ii) the Company's delisting from Luxembourg Stock Exchange (LuxSE) was completed; (iii) Prime Kapital's former property and asset management team was integrated; (iv) an executive succession plan was implemented; (v) MAS' listed securities portfolio was restructured; (vi) most of MAS' Western European assets were disposed of; (vii) all MAS' Central and Eastern European properties, as well as all operational properties in the DJV, were certified as sustainable buildings through internationally acknowledged environmentally friendly assessment methods by either BREEAM (Building Research Establishment Environmental Assessment Method) or LEED (Leadership in Energy and Environmental Design); (viii) MAS obtained inaugural credit ratings from Moody's and Fitch, and (ix) MAS issued a €300million unsecured, five-year Eurobond.

The Board has had the opportunity to work with exceptional candidates for future Executive Director roles. This, combined with the excellent progress noted above, enables the Board to bring forward the original succession planning, to appoint Executive Directors with no affiliation to, or interest in, Prime Kapital.

To this end, Victor Semionov steps down from the Board and is replaced by Dan Petrisor as Executive Director (who as a result is no longer an Alternate Director). The Board expresses its profound gratitude to Victor for his dedicated service to MAS. The Board has appointed Irina Grigore (CFO) also Deputy CEO. Martin Slabbert will remain CEO for the time being and will step down as an Executive Director of MAS after the appointment of a Deputy CFO, and leaving adequate time for hand-over from Irina to the new CFO prior to her assuming the CEO role. This will probably occur soon after the release of the December 2021 Half Year Financial Results as the Board aims to appoint a Deputy CFO, to replace Irina, by December 2021. Jonathan Knight steps down as Alternate Director and will leave the Group by the end of the calendar year when the Western European business is expected to have been substantially wound down. Jonathan, who joined in 2014, was instrumental in expanding the business in WE and, more recently, engaged with the sale of Western European assets. The Board thanks Jonathan for his loyal service to the Group.

⁶ MAS (80%) and Prime Kapital (20%) co-invested in fourteen CEE income properties, five of which sourced by Prime Kapital and offered to MAS for co-investment outside of the DJV and nine originally owned by, and developed in, the DJV and managed by Prime Kapital. MAS acquired Prime Kapital's interest in November 2019 in exchange for issuing shares to Prime Kapital, which are locked-up for three years from the transaction date.

Governance and further changes to the Board of Directors

The Board is compliant with the King IV Code on Corporate Governance. Following the above changes to the Executive Directors, and the change in status of Melt Hamman to Independent Non-Executive Director, MAS' Board comprises eight Non-Executive Directors, of which seven are independent, and three Executive Directors, of which two have no affiliation to, or interest in, Prime Kapital. Werner Alberts was Interim Chairman following the transaction with Prime Kapital in November 2019. Werner was originally appointed to the Board in September 2018 and was Lead Independent Director prior to being appointed Interim Chairman. Werner served with distinction in all Board-appointed roles he performed and, as a result, has the confidence of shareholders and the Board. The Board thanks Werner for accepting his appointment to (permanent) Chairman of the Board. Claudia Pendred, who joined the Board in December 2019 and has served on the Audit and Risk Committee since then, agreed to be appointed Lead Independent Director. Delegates to committees have been rearranged, and, as a result, comprise: (i) Audit and Risk Committee: Vasile Iuga (Chair), Brett Nagle, and Melt Hamman; (ii) Remuneration and Nomination Committee: Dan Pascariu (Chair), Pierre Goosen, and Werner Alberts, and (iii) Environmental, Social and Ethics Committee: Malcolm Levy (Chair), Claudia Pendred, and Melt Hamman. All changes to Board and committee membership are effective 26 August 2021.

Long-term strategy and dividend policy update

The Group expects to benefit from the continual high growth in Central and Eastern European consumption by directly deploying capital in income property and indirectly employing capital in commercial and residential developments via the DJV with co-investor, developer and general contractor Prime Kapital. Capital historically invested in Western European property is being divested.

MAS aims to maximise total long-term returns from property investments on a per share basis by concentrating on capital allocation, operational excellence, sensible leveraging and cost efficiency, thereby sustainably growing distributable earnings per share. The following factors are expected to have a substantial bearing on total returns per share in the medium term: (i) growth in rental income from retail properties driven by growth in consumption and asset management initiatives; (ii) the timing and successful deployment of capital in developments and extensions to MAS' direct properties and the DJV, and further increasing the DJV's development pipeline;

(iii) new income investment opportunities in CEE; (iv) the cost and availability of debt finance, and (v) the raising of new capital and/or buying back of MAS' shares.

Management, and Prime Kapital via the DJV, have adopted ambitious growth targets, which the Board considers to be achievable, including: (i) annual LFL net rental growth of at least 4% on Central and Eastern European retail assets from a normalised post Covid-19 base, in addition to specific asset management initiatives to improve occupancy rates for the current Central and Eastern European retail assets to 99% over this period; (ii) completion of commercial developments to the cost of approximately €600million at a weighted initial net yield of more than 9% by the DJV over this period (figure not proportionally consolidated); (iii) residential sales and deliveries by the DJV of approximately €200million per annum by the 2026 financial year (figure not proportionally consolidated) at net after tax margins of approximately 20%, and (iv) direct acquisitions of high-quality CEE based commercial assets to the value of at least €150million during the 2022 financial year and a further €50million by the end of the 2023 financial year.

Access to debt finance at optimal cost is integral to long-term strategy. As a result, the Company aims to achieve an investment grade credit rating by the end of the 2026 financial year at the latest, and, with this in mind, intends to have approximately \$2billion in gross assets by the end of the 2026 financial year.

The above targets and investment grade credit ratings' objectives are achievable within the current capital base while maintaining a full payout to shareholders of distributable earnings.

Despite distributable earnings per share growth not being the Group's sole focus, management is aware it is an integral part of maximising shareholders' returns. Excepting unforeseen circumstances, achieving the above targets should lead to the Company generating significant growth in annual distributable earnings per share. Due to Covid-19, the Group declined to declare an interim dividend. The Board stated that the Company will consider resuming dividend payments when the pandemic is effectively over, business is sufficiently profitable and depending on the attractiveness of investment opportunities.

The pandemic is not yet over. Vaccination rates in the Group's markets are low compared to Western European averages and the likely imposition of further Coronavirus related trading restrictions and social distancing measures over the course of the 2022 financial year necessitates the Group to remain prepared for disruption.

However, the business has returned to significant profitability, the Company has managed to effectively deal with the Covid-19 fallout in its markets and benefits from substantial liquidity. Moreover, in the Group's main market, Romania, GDP per capita is higher than pre-pandemic levels and consumption has largely recovered⁷, tenants' turnovers at MAS' Romanian commercial assets have generally been higher than 2019 trading levels for the six months to 30 June 2021, steadily improving cash collection rates since the onset of the pandemic are satisfactory and sales related to residential developments in the DJV remain strong. Further Covid-19 disruptions are not expected to lead to negative operational cash flows in the short term or to negatively impact longer-term earnings targets.

Thus, the Board has agreed to resume dividend payments and intends to maintain this over the next five financial years, in the absence of unforeseen circumstances and provided that the Company's long-term objectives, including self-imposed gearing limitations and achieving an investment grade credit rating by the end of the 2026 financial year at the latest, are not considered at any point during this period to be at undue risk. Only if this is the case, or if there are attractive investment opportunities that are expected to substantially enhance total returns per share that cannot be otherwise more efficiently funded (for instance by selling assets, taking on additional gearing or issuing new share capital), will dividends relative to distributable earnings be reduced.

Dividend declaration

The Company achieved 5.93eurocents distributable earnings per share in respect of the financial year ended 30 June 2021, and the Board has consequently declared a cash dividend of 5.93eurocents per share for the twelve months ending then. Payment is expected by 27 September 2021 and further details will be announced separately.

Martin Slabbert (CEO)

Irina Grigore (CFO)

26 August 2021

Douglas, Isle of Man

⁷ Romania's GDP per capita is higher than pre-pandemic levels. Moreover, the European Commission has recently adjusted their forecast for Romania upwards due to the strong quarter one (Q1) 2021 performance (total 2021 GDP real growth expected to be 7.1% compared to the 5.1% estimated this spring). Source: European Economic Forecast (Summer 2021), European Commission via Eurostat. Romania's consumption per capita is higher than pre-pandemic levels in RON terms (in € terms it has yet to recover due to RON depreciation). Source: Romanian Institute for National Statistics.

Company Overview

MAS is an internally managed **green property investor and operator** focused on retail properties in **CEE**

Annual Passing Net Rental and Preference Shares Income



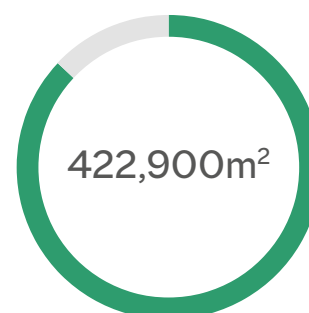
● 56%	CEE direct assets	€34.8m
● 10%	CEE DJV	€6.5m
● 16%	WE direct assets	€10.1m
● 18%	DJV preference shares	€11.1m

Income Property and Preference Shares Value



● 50%	CEE direct assets	€455.7m
● 10%	CEE DJV	€88.4m
● 24%	WE direct assets	€211.6m
● 16%	DJV preference shares	€148.6m

Green certification



● 87%	Green certified assets (CEE)	365,600m²
● 13%	Non-certified assets (WE)	57,300m²

Business and Strategy

Capital previously invested in WE will be redeployed directly in income property in CEE and indirectly, on a downside protected basis, in developments via further preference shares in the DJV with co-investor, developer and general contractor Prime Kapital. The Group is operated by a multidisciplinary team of approximately 200 professionals that combine investment, acquisition, leasing, asset and property management, marketing and finance skills. When required, development and construction skills can be provided by joint venture partner Prime Kapital.

Debt Funding

The Group's funding comprises unsecured Eurobonds, unsecured revolving credit facilities, and secured loans from banks. The Group maintains a self-imposed overall net debt limit to a maximum of 40% of current income property value, or seven-times forward-looking net rental income, both on a proportionate consolidated basis.

History

Established in 2008, MAS has assembled, through acquisition and development, high quality income generating retail, office, industrial, logistics and hotel properties in WE (Germany, the United Kingdom, and Switzerland) and, since 2016, in CEE (Romania, Bulgaria, Poland). In CEE a number of very profitable retail developments were finalised and investments made; substantial rental income and capital gains were generated from these with joint venture partner Prime Kapital. Strong macro fundamentals and extraordinary investment results in Central and Eastern Europe prompted the decision to transition towards a fully focused CEE-based property investor and operator and redeploy capital from WE to CEE and DJV.



Photo: Galleria Burgas

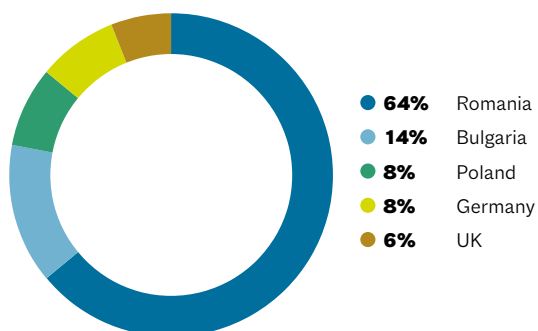
Income Property Overview

The Group's annualised property yield is **7.57%**.

Amounts presented in this section are computed on a proportionate consolidated basis, unless otherwise stated.

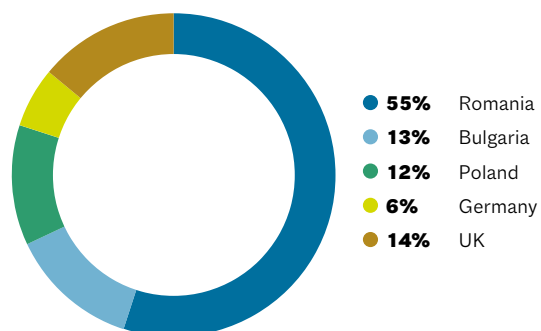
Geographical Profile

BY RENTABLE AREA



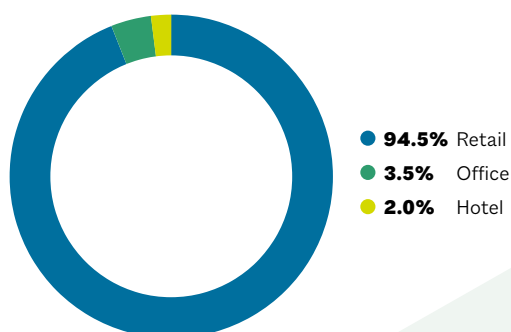
Geographical Profile

BY REVENUE



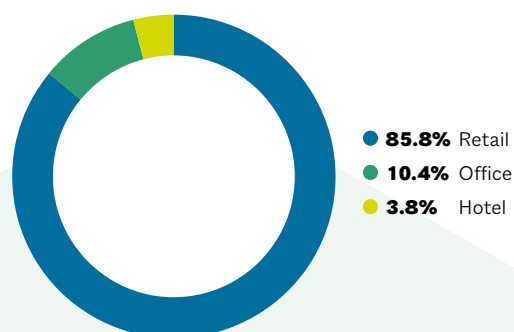
Sectoral Profile

BY RENTABLE AREA



Sectoral Profile

BY REVENUE



Occupancy Profile

BY RENTABLE AREA



Weighted Average Rental per m²








BY RENTABLE AREA



TOP 10 TENANTS

CEE



		Rent p.a. €m	% of total
1	Carrefour 	1.70	3.3%
2	Auchan 	1.63	3.1%
3	BRICO DEPOT 	1.61	3.1%
4	LPP 	1.19	2.3%
5	ALTEX 	0.98	1.9%
6	JYSK 	0.88	1.7%
7	PEPCO 	0.83	1.6%
8	NEWYORKER 	0.77	1.5%
9	CCC 	0.74	1.4%
10	INDITEX 	0.71	1.4%
		11.04	21.3%

TENANT PROFILE
by number of tenants

CEE

22%

CATEGORY A

Large national tenants, large listed tenants, government and major franchisees (276)

19%

CATEGORY B

National tenants, listed tenants, franchisees (237)

59%

CATEGORY C

Other tenants (745)

TOP TENANTS

WE



Top tenants of Western European assets held for sale are Royal Bank of Scotland, ACCOR and Real with a **total rent p.a.** of €7.61million.



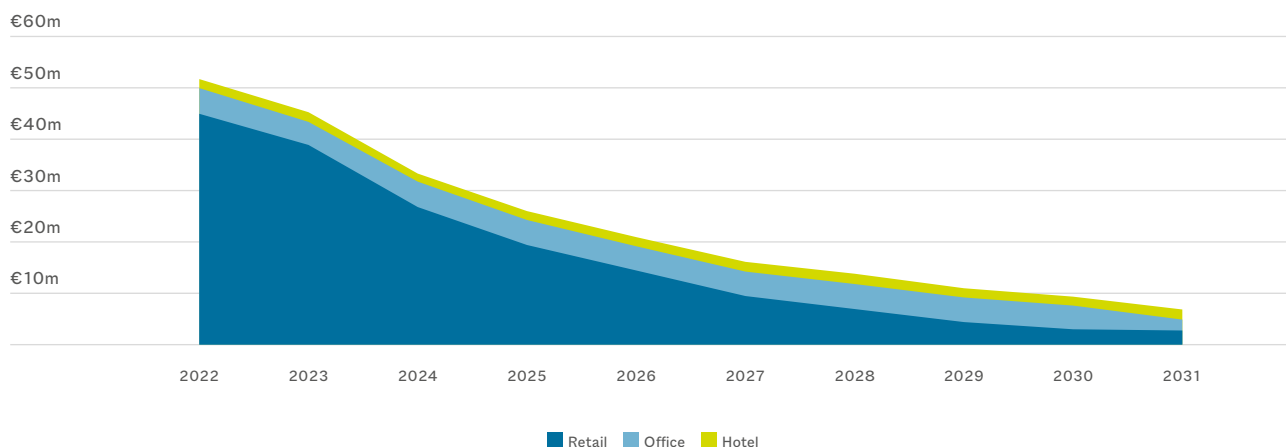
Income property detailed information

Property name	Ownership	Location	Type	Sector	GLA	Weighted GLA	Weighted average rental per m ²
					m ²	m ²	€
EM-Nova Park	100%	PL, Gorzow	Regional	Retail	32,400	32,400	15.44
EM-Galleria Burgas	100%	BG, Burgas	Regional	Retail	36,300	36,300	12.18
EM-Dambovită Mall	40%	RO, Targoviste	Regional	Retail	31,200	12,480	11.96
EM-Atrium Mall	100%	RO, Arad	Regional	Retail	26,800	26,800	15.35
EM-Galleria Stara Zagora	100%	BG, Stara Zagora	Regional	Retail	24,100	24,100	4.69
OM-Militari Shopping	100%	RO, Bucharest	Regional	Retail	54,100	54,100	13.60
OM-DN1 Value Centre	40%	RO, Balotesti	Community	Retail	27,000	10,800	13.21
OM-Mall Moldova – phase I	40%	RO, Iasi	Regional	Retail	29,600	11,840	7.39
OM-Roman Value Centre	100%	RO, Roman	Community	Retail	18,800	18,800	11.71
OM-Baia Mare Value Centre	100%	RO, Baia Mare	Community	Retail	21,300	21,300	10.03
OM-Zalau Value Centre	40%	RO, Zalau	Community	Retail	19,300	7,720	11.79
OM-Sepsi Value Centre	40%	RO, Sf. Gheorghe	Community	Retail	16,900	6,760	9.49
SM-Focsani Value Centre	100%	RO, Focsani	Convenience	Retail	6,100	6,100	12.05
SM-Slobozia Value Centre	100%	RO, Slobozia	Convenience	Retail	6,700	6,700	8.50
SM-Ramnicu Sarat Value Centre	100%	RO, Ramnicu Sarat	Convenience	Retail	4,000	4,000	9.17
SM-Sebes Value Centre	100%	RO, Sebes	Convenience	Retail	3,200	3,200	9.39
SM-Targu Secuiesc Value Centre	100%	RO, Targu Secuiesc	Convenience	Retail	3,200	3,200	8.67
SM-Fagaras Value Centre	100%	RO, Fagaras	Convenience	Retail	3,200	3,200	8.44
SM-Gheorgheni Value Centre	100%	RO, Gheorgheni	Convenience	Retail	1,400	1,400	10.27
New Uberior House*	100%	UK, Edinburgh	Office	Office	14,700	14,700	30.55
Flensburg Galerie	100%	DE, Flensburg	Community	Retail	24,200	24,200	8.03
Adagio Hotel	100%	UK, Edinburgh	Hotel	Hotel	8,500	8,500	19.50
Gotha	100%	DE, Gotha	Neighbourhood	Retail	9,400	9,400	7.98
Arches	100%	UK, Edinburgh	Neighbourhood	Retail	500	500	23.17

* Sale completed on 26 August 2021.

Sectoral lease expiry profiles

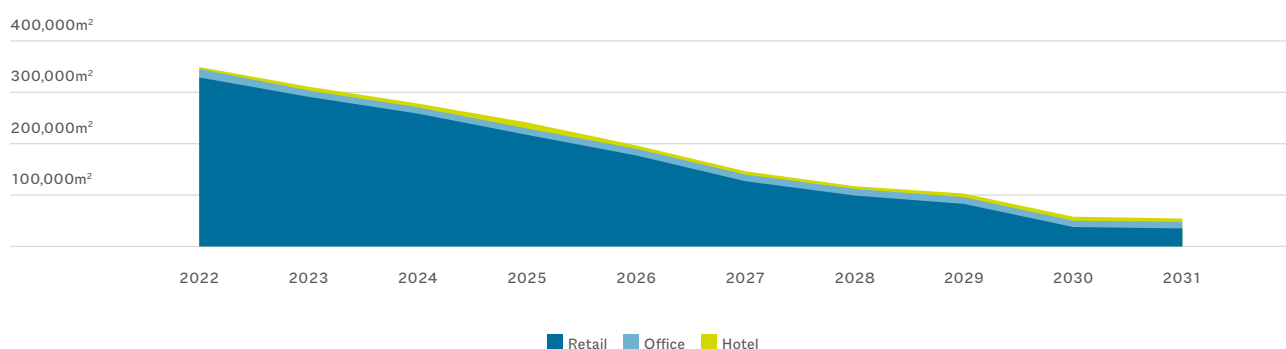
By revenue



Sector	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	>=2032
Retail	17.3%	14.7%	10.2%	7.4%	5.6%	3.6%	2.8%	1.8%	1.1%	1.0%	5.9%
Office	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	0.9%	0.0%
Hotel	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	3.6%
Total	19.9%	17.3%	12.8%	10.0%	8.2%	6.2%	5.4%	4.4%	3.7%	2.6%	9.5%

The vast majority of contractual rental escalations are fully indexed to Euro 27 inflation and are not reliably determinable. As a consequence, the above rental expiry profile does not include expected escalations due to inflationary indexation and the Company does not publish a weighted average rental escalation profile.

By rentable area



Sector	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	>=2032
Retail	14.6%	12.9%	11.5%	9.6%	7.8%	5.7%	4.4%	3.7%	1.7%	1.5%	15.7%
Office	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.0%
Hotel	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	1.9%
Total	15.5%	13.8%	12.4%	10.5%	8.7%	6.6%	5.3%	4.6%	2.6%	2.4%	17.6%



www.nova-park.pl

INCOME PROPERTY

Nova Park

32,400m²	€6.0m	100%
GLA	NRI	Owned by
91.8%	€82.3m	MAS
Occupancy	Book value	

Nova Park is the dominant regional shopping centre in central Gorzow, western Poland, and has a diverse mix of high-quality tenants. The planned 3,100m² GLA extension including a cinema and additional fashion, food and leisure offering is on hold due to Covid-19 and will be re-assessed in the near future.



www.galleriaburgas.bg

INCOME PROPERTY

Galleria Burgas

36,300m²	€5.3m	100%
GLA	NRI	Owned by
89.7%	€75.0m	MAS
Occupancy	Book value	

Galleria Burgas is the dominant shopping centre in Burgas, the regional urban and administrative centre of the most popular holiday destination on the Bulgarian Black Sea coast. Footfall and tenant turnover has been increasing since opening, in 2012. The centre has a comprehensive fashion offering as well as a significant leisure and food court area. A significant extension is on hold due to Covid-19 and will be re-assessed in the near future.



www.dambovitamall.ro

INCOME PROPERTY

Dambovită Mall

31,200m²	€4.5m	40%
GLA	NRI	Owned by
92.6%	€64.5m	MAS
Occupancy	Book value	

Located in a densely populated residential area, approximately 2km from Targoviste's centre and near the main train station, Dambovită Mall is the only regional retail destination in the county. Focusing on fashion and entertainment, it offers a modern shopping experience, restaurants and playground. The mall opened on 20 August 2020. The development can accommodate an additional extension of approximately 11,700m² GLA.



www.atriummall.ro

INCOME PROPERTY

Atrium Mall

26,800m²	€4.9m	100%
GLA	NRI	Owned by
83.7%	€58.2m	MAS
Occupancy	Book value	

Atrium Mall is Arad's largest shopping centre. With a population of approximately 160,000, the city is the county capital, hosts two universities and is an important industrial centre and transport hub. Easily reached by car, the shopping centre is located next to the main train and bus stations, five minutes walking distance from the city centre, and is easily accessible from any corner of the city, either by car or by public transport. Refurbishment and reconfiguration has been substantially completed by Q4 2021.



www.galleriasz.bg

INCOME PROPERTY

Galleria Stara Zagora

24,100m²	€1.4m	100%
GLA	NRI	Owned by
88.4%	€19.2m	MAS
Occupancy	Book value	

Galleria Stara Zagora is the dominant retail destination in Stara Zagora, Bulgaria's sixth largest city with a population of over 140,000. Located at the crossroads of two major boulevards, it is easily accessible by public transport. Tenant mix favours fashion and entertainment, including major international anchors. Refurbishment of the common areas and food court was completed in August 2020.



www.militari-shopping.ro

INCOME PROPERTY

Militari Shopping

54,100m²	€8.8m	100%
GLA	NRI	Owned by
94.6%	€110.9m	MAS
Occupancy	Book value	

Located in Militari, a densely populated and expanding residential area in Bucharest, this centre has excellent visibility and is located on city's main western artery, which links directly into the E81/A1 highway. The tenant mix includes a large hypermarket, DIY store, gym and high concentration of fashion and service anchors. The planned major extension and redevelopment of the centre is on hold due to Covid-19 and will be re-assessed in the future.



www.dn1valuecentre.ro

INCOME PROPERTY

DN1 Value Centre

27,000m²	€4.3m	40%
GLA	NRI	Owned by
95.1%	€58.0m	MAS
Occupancy	Book value	

The DN1 Value Centre is located in Balotesti, Romania, in a rapidly developing and affluent residential area, approximately 25km north of Bucharest. The project has excellent road access and benefits from a location on the DN1/E60, Romania's busiest national road. Completed in December 2019, the centre is integrated with an owner-occupied Hornbach and an owner-occupied Lidl supermarket.



www.romanvaluecentre.ro

INCOME PROPERTY

Roman Value Centre

18,800m²	€2.6m	100%
GLA	NRI	Owned by
98.5%	€36.6m	MAS
Occupancy	Book value	

Roman Value Centre, located within walking distance from the city centre and next to the train station and regional bus station, is the city's largest retail destination. The centre integrates a Carrefour hypermarket with a number of fashion and home decoration anchors. The planned extension is on hold due to Covid-19. The property was developed by Prime Kapital in the DJV, completed in November 2018 and acquired by MAS from the DJV in February 2019.



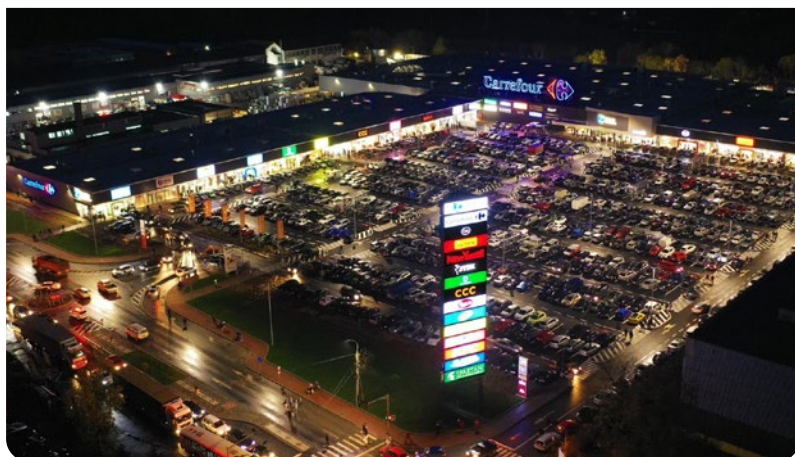
www.baiamarevaluecentre.ro

INCOME PROPERTY

Baia Mare Value Centre

21,300m²	€2.6m	100%
GLA	NRI	Owned by
95.4%	€35.3m	MAS
Occupancy	Book value	

Baia Mare Value Centre has good accessibility, with a variety of public transport hubs in close proximity, and is located on the E58 European road, the main connection between Baia Mare and Transylvania region. The centre is part of the city's and region's main commercial areas, includes a Carrefour hypermarket and has a high concentration of anchor tenants, mainly fashion. The planned extension is on hold due to Covid-19. The property was developed by Prime Kapital in the DJV, completed in December 2018 and acquired by MAS from the DJV in February 2019.



www.zalauvaluecentre.ro

INCOME PROPERTY

Zalau Value Centre

19,300m²	€2.7m	40%
GLA	NRI	Owned by
97.2%	€35.7m	MAS
Occupancy	Book value	

Located on the city's main boulevard and within 2.5km of the city centre, Zalau Value Centre's prominent position is accessible by car and public transport, close to the regional bus terminal, with excellent access to the E81 European road, and next to a densely populated residential area. The development was completed in November 2019.



www.sepsvaluecentre.ro

INCOME PROPERTY

Sepsi Value Centre

16,900m²	€2.0m	40%
GLA	NRI	Owned by
93.7%	€28.2m	MAS
Occupancy	Book value	

Sepsi Value Centre is located in Sfântu Gheorghe, the capital of Covasna County, with a population of approximately 54,000, and surrounding areas of approximately 214,000. The project is directly accessible from the town's main boulevard, located in a densely populated residential area, approximately 2km from the city centre. The centre hosts a fashion area, cafes with outdoor terraces and a modern designed food court. The Value Centre opened on 18 March 2021.



INCOME PROPERTY

Strip Malls

27,800m²	€3.2m	100%
GLA	NRI	Owned by
100%	€38.2m	MAS
Occupancy	Book value	

These properties include seven convenience centres with a high density of national and international anchors, including Deichmann, Jysk, and Pepco. They are easily accessible by car and public transport and are close to densely populated residential areas. The properties were developed by Prime Kapital in the DJV, completed during 2017 and 2018 and acquired by MAS from the DJV in 2019.



DEVELOPMENT PROPERTY

Mall Moldova - Phase II**58,600m²****GLA****€113.5m****Budget****€9.8m****ERV****40%****Owned by
MAS**

The extension of the former Era Shopping Centre (29,600m²) into Mall Moldova, will create a super-regional mall serving eastern Romania and neighbouring Republic of Moldova. The centre will include the region's largest hypermarket, over 200 stores, more than 30 restaurants, large entertainment area, a cinema, DIY store and furniture shops. Construction was suspended in March 2020 due to Covid-19 and is currently planned to commence in November 2022, subject to receipt of permits.



DEVELOPMENT PROPERTY

Arges Mall**52,100m²****GLA****€83.3m****Budget****€7.2m****ERV****40%****Owned by
MAS**

Arges Mall is located in Pitesti, the capital and largest city of Arges County, with a population of approximately 165,000. Centrally located in a densely populated residential, next to the main train station and the main boulevard, the planned project is easily accessible from the E81/A1 highway and benefits from a catchment of approximately 637,000 residents within a 60-minute drive.



DEVELOPMENT PROPERTY

Alba Iulia Mall**29,000m²****GLA****€41.1m****Budget****€3.7m****ERV****40%****Owned by
MAS**

Located in central Romania, Alba Iulia is an important historical and tourist destination and has 75,000 residents. The property benefits from a catchment of approximately 226,000 residents within a 45-minute drive. The planned enclosed mall is situated next to a densely populated area with excellent visibility and access to E81 European road and includes a high concentration of fashion anchors and the city's first hypermarket. Construction is planned to start in 2021 (calendar year), subject to planning consent.



DEVELOPMENT PROPERTY

Prahova Value Centre

21,900m²

GLA

€2.9m

ERV

40%

Owned by
MAS

€31.9m

Budget

This planned open-air mall is located in Ploiesti, the capital of Prahova County, near the main train, tram and bus stations. The development includes a high concentration of anchor tenants integrated into the existing, adjacent Kaufland hypermarket and Lidl supermarket. Construction of the first phase of Prahova Value Centre already started and the respective phase of the development is scheduled to be opened during November 2021.



DEVELOPMENT PROPERTY

Barlad Value Centre

16,300m²

GLA

€1.7m

ERV

40%

Owned by
MAS

€18.8m

Budget

Barlad is a municipality in Vaslui County with approximately 70,000 residents. Centrally located, on the northern side of Barlad, this development enjoys a prominent position on the E581 with quick and easy access from the city centre, as well as nearby communities. Construction of the first phase of Barlad Value Centre is in progress and the respective phase of the development is scheduled to be opened during November 2021.



DEVELOPMENT PROPERTY

Marmura Residence

36,100m²

GSA

459

Units

40%

Owned by
MAS

€45.0m

Budget

Marmura Residence comprises five, high-quality, high-rise apartment buildings above an integrated underground parking, and has several unique features: an urban park linking it to the neighbourhood, vibrant cafes and community spaces, a central plaza, rooftop terraces, convenient services, and direct connections to the city. Work continues on Marmura Residence and is expected to be substantially completed by the end of the 2021 calendar year.

www.marmurareidence.ro



www.avalonestate.ro

DEVELOPMENT PROPERTY

Avalon Estate**93,300m²****GSA****746****Units****40%****Owned by
MAS****€117.6m****Budget**

Avalon Estate is a unique gated community, located between Pipera and Aviatiei neighbourhoods, in northern Bucharest. The project is being developed on an 8.1ha plot close to the city's business district, providing a centralised location for its residents. Designed with great attention to detail and arranged around a large park, this development has low traffic flow and exclusive community services. Avalon Estate borders a natural lake and offers many valuable benefits, such as privacy, security, and a private village-type setting. Phase I works, comprising 318 of the 746 planned dwellings of the approximately 8ha low density development site, perimeter walls, main gatehouse, clubhouse, approximately 50% of the extensive landscaped parks and green areas, and internal and external infrastructure works commenced in November 2020 and it is expected to be delivered gradually from December 2021 and completed by June 2022.



www.silkdistrict.ro

DEVELOPMENT PROPERTY

Silk District**40% Owned by MAS****RESIDENTIAL****111,500m²****GSA****€120.3m****Budget****1,491****Units****OFFICE****113,800m²****GLA****€166.9m****Budget**

A large 10ha mixed-use, urban renewal development project, that combines several functions increasing the efficiency of infrastructure, amenities, and services. Primary functions include an A-grade office component with BREEAM Excellent certification and high-quality apartments. Residential components employ a clean design and whole building approach within a pedestrian-friendly setting, integrated into a larger 'work, play and live' environment. Unit pricing is aimed at the middle income market segment while quality is on a par with higher-end developments. Construction works on substantial infrastructure and 315 apartments commenced in August 2021, while the leasing in respect of the Silk District Office development is planned to commence in September 2021.



DEVELOPMENT PROPERTY

Ploiesti Residential**41,300m²****GSA****€33.4m****Budget****498****Units****40%****Owned by
MAS**

A high quality residential project consists of approximately 500 apartments with a direct connection to the Prahova Value Centre Centre (under development) on a 1.8ha land plot. The development will consist of 7 medium sized high-rise apartment buildings and one integrated structured parking connected by way of covered pedestrian walkways through the central green areas. The masterplan allows for subtle traffic integration, car and pedestrian access and drop off points. The project is located within a 10-minute driving distance from the city centre and within 250 metres from the main railway station and benefits from further excellent connectivity as a result of existing public transportation infrastructure around the site. The plot also connects well to Bucharest given its proximity to the A3 motorway and DN1 national road.



DEVELOPMENT PROPERTY

Elba Residential**97,300m²****GSA****€115.2m****Budget****1,252****Units****40%****Owned by
MAS**

A new residential project in close proximity to downtown Timisoara on a 5.6ha site. Over 1,200 high quality apartments and integrated parkings in low- and high-rise apartment buildings will be the primary function together with 18,000m² of green spaces, consisting of public squares, parks, private residents' courtyards and roof terraces, sports, and recreation facilities. The property enjoys frontage to the Bega River and excellent visibility and access (cars, pedestrians, and public transportation) with bus and tram stations within walking distance. The urban planning includes a commitment to create a 'car-free' environment in an integrated single concept masterplan whilst building a 'near zero' emissions project that will see lowered costs of consumption for residents and building better buildings for the future.

Debt Funding

The Group uses both debt and equity capital to fund investment property. Management of the capital structure contributes significantly to MAS' ability to create stakeholder value.

12.6%

LTV

4.1

NRI/INT

2.5

ND/NRI

3.01%

WACD

FINANCIAL POLICY

MAS may be funded by issued equity, retained earnings and debt, subject to internal financial policy. The Group's financial policy is set around conservative self-imposed limitations, considerably more restrictive than the covenant tolerances governing outstanding long-term debt.

To this end, the Group maintains its overall net debt limit to a maximum of 40% of current income property value, or seven-times forward-looking net rental income, on a proportionate consolidated basis. Also, the Group seeks to fully hedge interest rate risk, and minimise and/or fully hedge currency exposure. Capital allocation decisions are taken subject to, in addition to having the requisite authorisations, holding adequate cash and liquid resources to fulfill existing commitments.

Dividends are discretionary and distributions are paid from operational free cash-flows.

CREDIT RATINGS AND CAPITAL MARKETS FUNDING

MAS obtained inaugural ratings from Moody's (Ba1) and Fitch Ratings (BB positive) and issued, in May 2021, a €300million unsecured, five-year green Eurobond. Part of the proceeds have been used to repay secured debt against CEE directly owned income properties.

The Group aims to achieve an investment grade credit rating by the end of the 2026 financial year at the latest, and intends to have approximately \$2billion in gross assets by then.

FitchRatings

BB (positive)

MOODY'S

Ba1

€1.3bn

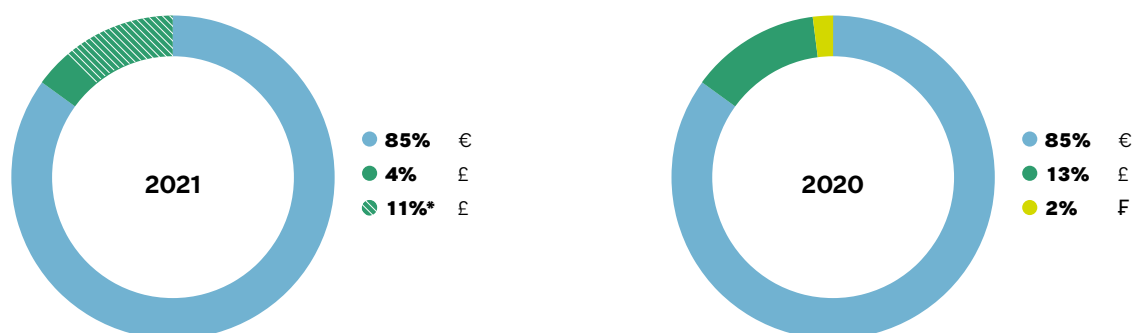
GROSS ASSET VALUE

≈ \$2bn*

GROSS ASSET VALUE BY 2026

* \$2bn Gross Asset Value is reflected in \$ to reference the relevant scale, as measured by rating agencies.

DEBT CURRENCY EXPOSURE



* Repaid on 26 August 2021, with the disposal of New Uberior House.

All figures are presented on a proportionate consolidated basis.

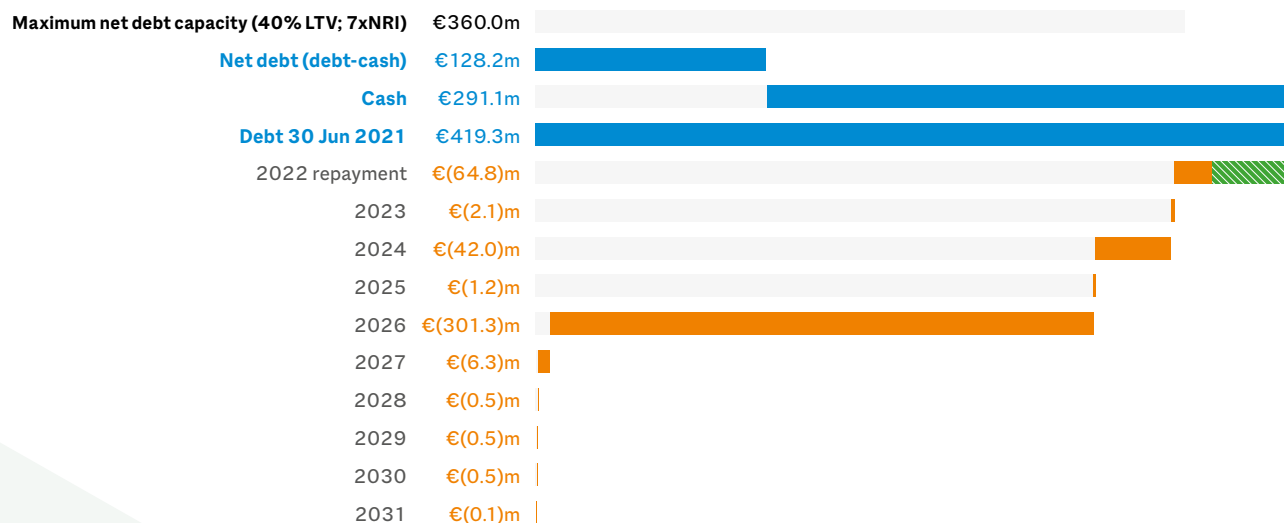
INTEREST RATE EXPOSURE

The Group took advantage of favourable conditions on the European debt markets and issued an inaugural €300million unsecured, five-year green Eurobond maturing 19 May 2026, carrying a 4.25% fixed coupon. At the end of the 2021 financial year, 97% of the Group's interest on debt was fixed or hedged, a similar level to the previous year (98%).

To optimise MAS' cost of debt, the unsecured €60million facility, undrawn on 30 June 2021, was terminated in August 2021 and replaced by an unsecured revolving credit facility of €20million (which can be increased up to €60million) on significantly improved terms.

REPAYMENT PROFILE

The Group's headroom in respect of its self-imposed net debt limitations, and its debt repayment profile are shown below.



Amount in respect of debt for New Uberior House, contracted to be sold by 30 Jun 2021, repaid subsequent to transfer of ownership.

Shareholding Structure

30 Jun 2021	Shareholders		Shares	
	Number	% of total	Number	% of total
PUBLIC	8,711	99.62%	355,279,898	49.96%
NON-PUBLIC				
Significant shareholders	10	0.11%	346,691,214	48.75%
Prime Kapital and associates*	6	0.07%	153,628,167	21.60%
Government Employees Pension Fund	1	0.01%	55,581,280	7.82%
Argosy	1	0.01%	49,657,166	6.98%
Attacq Ltd	1	0.01%	46,157,934	6.49%
Mary Oppenheimer family interests	1	0.01%	41,666,667	5.86%
Directors and their associates*	10	0.11%	4,948,473	0.70%
Other share scheme participants	14	0.16%	4,226,144	0.59%
Total	8,745	100%	711,145,729	100%

30 Jun 2020	Shareholders		Shares	
	Number	% of total	Number	% of total
PUBLIC	9,780	99.79%	354,719,129	50.07%
NON-PUBLIC				
Significant shareholders	8	0.08%	347,315,453	49.04%
Attacq Ltd	1	0.01%	146,818,251	20.73%
Prime Kapital and associates*	5	0.05%	96,673,222	13.65%
Government Employees Pension Fund	1	0.01%	53,212,358	7.51%
Argosy	1	0.01%	50,611,622	7.15%
Directors and their associates*	8	0.08%	3,959,216	0.56%
Other share scheme participants	5	0.05%	2,350,000	0.33%
Total	9,801	100%	708,343,798	100%

* Martin Slabbert's and Victor Semionov's shareholding is presented under 'Significant shareholders', as part of 'Prime Kapital and associates', which includes shareholdings of DJV and Prime Kapital shareholders and their associates.



Rendering: Marmura Residence

Board of Directors



WERNER ALBERTS, Independent Non-Executive Chairman

BCom Hons (Acc), CA (SA), ACA (ICAEW)

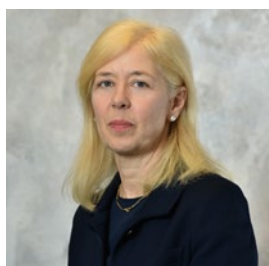
Werner was appointed as Chairman of MAS' Board of Directors in August 2021. He is currently the COO of Capital International Group, and is a qualified chartered accountant with over 25 years experience in the finance industry.



BRETT NAGLE, Independent Non-Executive Director

BCom Hons (Acc), CA (SA)

Brett is a Director of Safe Mode Investment Proprietary trading as Panacea Capital, which focuses on investment management. Prior to this he was Head of Investments for Royal Bafokeng Holdings Proprietary, served as a Non-Executive Director of Impala Platinum Holdings and as Independent Non-Executive Director of Attacq, and worked for Rand Merchant Bank, a division of FirstRand Bank.



CLAUDIA PENDRED, Lead Independent Non-Executive Director

BA (University of Oxford), MA (Harvard), MBA (INSEAD)

Claudia was a Director with the European Bank for Reconstruction and Development (EBRD), where she managed the Bucharest office and later the EBRD's Property and Tourism team in London. Prior to that, she worked for the World Bank, NM Rothschild & Sons and J Henry Schroder Wagg. Claudia has over 25-years of experience in the CEE markets. Claudia was appointed Lead Independent Non-Executive Director on 26 August 2021.



DAN PASCARIU, Independent Non-Executive Director

MBA

Dan is a Non-Executive Director for Transfond, Azomures, Techtex and ANA Teleferic. Prior to this, he held a broad range of senior executive and non-executive positions, including Chairman of Unicredit Bank of Romania until 2020 and Chairman of NEPI Rockcastle for 9 years until his departure in 2018. He has over 40 years of experience in the CEE banking sector, having co-founded the Romanian Banking Institute and being instrumental in the 1990's banking reform.



MALCOLM LEVY, Non-Executive Director

MCom, MBA, CA (SA), CFA

Malcolm co-founded MAS and served as CFO for over 9 years following the Group's inception, becoming a Non-Executive Director in June 2019. Prior to joining, he was an equities fund manager and investment analyst in London.



MELT HAMMAN, Independent Non-Executive Director

BCom Hons (Acc), CA (SA)

Melt has over 20 years of experience in real estate, banking and business and was up to April 2021 CEO of Attacq. Since September 2021 Melt also serves as an Independent Non-Executive Director of Growthpoint Properties Limited. Prior to joining Attacq, he worked for FirstRand Bank Ltd in various divisions.



PIERRE GOOSEN, Independent Non-Executive Director

BCom (Law), LLB, MBA

Pierre is Managing Director of Argosy, a European-based private equity and venture capital investment business. Prior to Argosy, he worked at two international law firms as a commercial, private equity and funds lawyer.



VASILE IUGA, Independent Non-Executive Director

ACCA (Fellow)

Vasile retired from PwC Romania, following 26 years with the firm. He was the Managing Partner for South East Europe and has extensive experience in international accounting standards, financial audit, corporate governance and consultancy. He oversaw the implementation of IFRS in Romania, and is currently a member of the Audit Committee of the European Investment Bank and Non-Executive Director of two listed entities, Alro SA and Patria Bank, chairing their audit committees. He is a member of a number of professional bodies including ACCA.

Executive Directors and Function Heads



MARTIN SLABBERT, CEO

BCom, LLB (cum laude), MCom (cum laude), Dip FMI, CF (England and Wales)

Martin has over 25-years of real estate, turn-around and finance industry experience, including 15 years in CEE. He co-founded Prime Kapital in 2015, and prior to this he was CEO of New Europe Property Investments, which he established with Victor Semionov in 2007. He was a Partner at Deloitte Central Europe (Corporate Finance) after an investment banking and corporate turn-around career in South Africa, which included various senior management roles before 2005. He was appointed as MAS' CEO in November 2019.



IRINA GRIGORE, CFO (Deputy CEO)

BCom, BSc

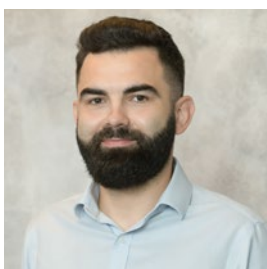
Irina has 13-years of real estate and finance industry experience and she is currently CFO within MAS Group. Prior to joining Prime Kapital in 2019, she worked as Group Reporting and Management Information Systems Manager at NEPI Rockcastle, and senior auditor at PwC Romania. Irina was appointed deputy CEO on 26 August 2021.



VICTOR SEMIONOV, Executive Director

BCom

Victor has over 21-years of real estate, turn-around and finance industry experience. He founded Prime Kapital in 2015, and prior to this he was CFO and COO of New Europe Property Investments, which he established with Martin Slabbert in 2007. He was previously an Associate Director at Deloitte Central Europe (Corporate Finance). Victor was MAS' CFO from November 2019 to February 2021 and continued to be an Executive Director until his stepping down from the Board on 26 August 2021.



DAN PETRISOR, Executive Director - Capital Management

BSc

Dan has over seven years of investment, risk management, and portfolio management experience. Prior to joining Prime Kapital in 2019, he worked as a portfolio manager in listed real estate at Kempen Capital Management. Dan was Alternate Director to the CEO from 28 February 2020 and Capital Management Director within MAS Group. He has been appointed Executive Director on 26 August 2021 (and is no longer Alternate Director).



RALUCA BUZULEAC, Director - Operations

Raluca has 15-years of real estate and finance industry experience and she is currently Operations Director within MAS Group. Prior to joining Prime Kapital in 2016, she was deputy CFO at NEPI Rockcastle, and senior auditor at PwC Romania.



GABRIEL MALANCA, Director - Asset Management

Gabriel has 16-years of real estate industry experience and is currently heading the Asset and Property Management function within MAS Group. Prior to joining Prime Kapital in 2017, he was centre manager at NEPI Rockcastle and retail and expansion manager at Flanco.



MONICA PETRE, Director - Tax and Compliance

Monica has 20-years of tax consulting experience and is currently Tax Director within MAS Group. Prior to joining MAS in 2020, she held senior Tax roles with Immofinanz, Deloitte Central Europe, and Haarmann Hemmelrath & Partners.



PETER DONCHEV, Director - Leasing

Peter has 17-years of real estate industry experience and is currently Leasing Director within MAS Group. Prior to joining Prime Kapital in 2018, he was executive director of the shopping centre developer RESB, and consultant at Colliers International.



SIMONA MITRAN, Director - Finance and Reporting

Simona has eight years of real estate and finance industry experience and she is currently Finance and Reporting Director within MAS Group. Prior to joining MAS' Finance team in early 2020, she worked as Audit Associate Manager at KPMG Romania.

On 30 June 2021, the Board comprised eight Non-Executive Directors, the majority are independent (including the Chairman) and five Executive Directors (two of whom were Alternate Directors). In compliance with King IV Code on Corporate Governance, at Board level, clearly defined responsibilities ensure the balance of power and authority. The roles of Chairman and Chief Executive Officer (CEO) are clearly defined and segregated ensuring no individual holds single and unlimited power or has control over significant decision-making processes.

Board composition and experience

Board mix and length of service on 30 June 2021

Director	Appointment	Status
Werner Alberts	7 September 2018	Independent Non-Executive, Chairman
Brett Nagle	10 December 2019	Independent Non-Executive
Claudia Pendred	31 December 2019	Independent Non-Executive
Dan Pascariu	13 January 2020	Independent Non-Executive
Pierre Goosen	12 August 2014	Independent Non-Executive
Vasile Iuga	13 January 2020	Independent Non-Executive
Melt Hamman	14 December 2018	Independent Non-Executive
Malcolm Levy	16 February 2009	Non-Executive
Martin Slabbert	20 November 2019	CEO
Irina Grigore	24 February 2021	CFO
Victor Semionov	20 November 2019	Executive Director
Jonathan Knight	28 February 2020	Alternate Director
Dan Petrisor	28 February 2020	Alternate Director

Changes to the Board

On 24 February 2021, the Board appointed Irina Grigore as MAS' CFO and Executive Director, while Victor Semionov, who was CFO, remained an Executive Director with a broader operational mandate across the business.

On 26 August 2021, Victor Semionov stepped down from the Board and was replaced by Dan Petrisor (who is no longer an Alternate Director). The Board appointed Irina Grigore (currently CFO) to the additional position of Deputy CEO. Werner Alberts (Interim Chairman) was appointed (permanent) Chairman of the Board. Claudia Pendred has been appointed Lead Independent Director. Jonathan Knight stepped down as Alternate Director.

Delegates to committees have been rearranged.

- Audit and Risk Committee ('ARC'): Vasile Iuga (Chair), Brett Nagle and Melt Hamman.
- Remuneration and Nomination Committee: Dan Pascariu (Chair), Pierre Goosen and Werner Alberts.
- Environmental, Social and Ethics Committee ('ESEC'): Malcolm Levy (Chair), Claudia Pendred and Melt Hamman.

All changes to Board and committees were effective on 26 August 2021.

The Board is compliant with King IV Code on Corporate Governance. Following the changes approved 26 August 2021 and the change in status of Melt Hamman to Independent Non-Executive Director, the Board comprises eight Non-Executive Directors, of whom seven are independent, and three Executive.

All Directors have the skills, experience and/or qualifications required to make adequate judgements on issues of risk, strategy, resources, conduct and evaluation of performance. This expertise and knowledge are comprehensive and balanced and facilitate efficient business management. The Board comprises experienced and qualified individuals. The majority hold, or have held, other non-executive positions, supporting their ability to fulfil appropriate committee roles.

The Board is fully committed to demonstrating the importance of good governance and encourages robust oversight and constructive challenges from non-executives.

When required, MAS engages additional, relevant, technical experts, to advise and engage with the Board.

This report has been prepared in accordance with the Johannesburg Stock Exchange (JSE) Listings Requirements, King IV and other applicable appropriate disclosure standards and regulations. The Board is satisfied it has carried out all responsibilities as set out in its charter.

Roles and responsibilities

The Board meets at least three times a year to discharge its duties, as set out in the Board Charter, and is responsible for setting strategy, approving major matters, governing risk management and monitoring performance. The Board oversees the overall effectiveness of the Internal Control Framework, ensuring assets are appropriately safeguarded, operations are run efficiently, proper accounting records are maintained and published financial information is reliable.

The Board acts as a focal point for, and is the custodian of, corporate governance by administering relationships with management, shareholders and other stakeholders, using sound corporate governance principles.

The Board's Terms of Reference are detailed in a written charter, the Board Charter, which sets out roles and responsibilities, as well as requirements regarding composition, conflicts of interest, meeting procedures and delegation of authority. The Board Charter is reviewed and updated regularly.

The Board's responsibilities include, but are not limited to:

- setting the Group's values, strategy and organisational performance;
- leading the Group ethically and effectively;
- acting as the custodian of corporate governance;
- considering the Group's strategy, risk, performance and sustainability;

- providing effective leadership based on an ethical foundation;
- ensuring that the Group is, and is seen to be, a responsible corporate citizen not only financially but also considering the impact on its environment and society;
- ensuring that the Group's ethics are managed effectively by supporting the establishment of an ethical culture;
- ensuring proper management, control and compliance with applicable legislation and regulations;
- establishing a framework for internal controls and risk management;
- assuming responsibility for the governance of risk, technology and information governance;
- approving a Group strategy which will result in sustainable outcomes;
- ensuring compliance with applicable laws, rules and standards, and considering whether or not to adhere to non-binding rules, standards and best practice;
- ensuring that there is an effective risk-based internal audit, and
- appointing and evaluating the performance of the CEO, as well as all other Executive and Non-Executive Directors and the Company Secretary.

Independence of Directors

The continuing independence of non-executives guarantees stakeholders' best interests are recognised and actioned. King IV states that length of service can impact a Director's independence, therefore the Board, through its Remuneration and Nomination Committee, conducts specific independence assessments annually of any Director who has served for nine or more years. This is a balanced approach, combining the added value that experience provides with a fresh perspective of more recent appointments, aimed at achieving the optimal combination.

MAS is an equal opportunities employer, and the Board is committed to non-discrimination and inclusion. A Diversity and Equality Policy ensures balanced gender representation throughout. The Board recognises that the Company's success relies on having the best people, with a variety of perspectives and broad range of experience, aligned to a common purpose and sharing the same values to achieve strategic objectives.

The Board, while staying committed to non-discrimination and inclusion, will adopt strategies which increase the potential number of candidates when identifying appropriate individuals for future Board appointments, while ensuring that, at all times, all applicants are treated equally. Achieving the best mixture of aptitudes, experience and qualifications to complement and balance the Board's existing skills, regardless of gender, is a priority.

Board meetings attendance

The table below presents each member's attendance in respect of meetings held during their term of appointment, during the financial year.

Director	Board	Audit and Risk Committee	Environmental, Social and Ethics Committee	Remuneration and Nomination Committee
Total number of meetings	3 meetings	5 meetings	1 meeting	2 meetings
Werner Alberts	3/3		1/1	
Brett Nagle	3/3	5/5		
Claudia Pendred	3/3	5/5	1/1	
Dan Pascariu	3/3			2/2
Malcolm Levy	3/3		1/1	
Melt Hamman	3/3			2/2
Pierre Goosen	3/3			2/2
Vasile Iuga	3/3	5/5		
Martin Slabbert	3/3			
Victor Semionov ²	3/3			
Irina Grigore ¹	1/1 ¹			
Dan Petrisor ³	3/3			
Jonathan Knight ⁴	0/3			

¹ Appointed Chief Financial Officer (CFO) and Executive Director 24 February 2021 and also appointed Deputy CEO 26 August 2021

² Stepped down from the Board as CFO 24 February 2021 and as Executive Director 26 August 2021

³ Appointed Executive Director 26 August 2021 (no longer Alternate Director)

⁴ Alternate Director resigned with effect from 26 August 2021

CEO and Board effectiveness evaluation

Under the terms of the Board Charter, the Board is responsible for appointing and evaluating the performance of the CEO and other Executive and Non-Executive Directors.

The role of the CEO is key to MAS' success. It is CEO's responsibility to lead the business ethically, agree strategy, culture and values and to ensure that resources are managed effectively to achieve targets.

The Chairman, assisted by the Chairman of the Remuneration and Nomination Committee, and with technical support from the Company Secretary, ensures that the Board's effectiveness is reviewed. The Lead Independent Director, with technical support from the Company Secretary, is responsible for leading the Board Chairman's performance appraisal.

Directors periodically participate in a written peer review to assess individual Directors, which is focused on the attributes that contribute to an effective Board, including, but not necessarily restricted to, strategic thinking, leadership, integrity, meeting preparation and overall contribution. The director skills assessment process' goal is to gather candid, but anonymous, feedback on individual Directors. Such feedback stimulates insight, motivates development and enables Directors to enhance their individual contributions to the Board and committees' work. The full Board review and individual Directors' assessments were undertaken internally during October 2019.

Re-election and appointment of new Directors

In accordance with the Company's Articles of Association, one third of Non-Executive Directors are subject to retirement by rotation and can offer themselves for re-election at the Annual General Meeting. The Directors subject to retirement by rotation include any Directors who wish to retire and not offer themselves for re-election or those Directors who have held their directorship the longest (as measured from appointment or re-appointment). The Directors to retire is determined by the Board's composition at the end of every financial year. A Director's eligibility for re-election is based on the Board's confirmation of their past performance and contribution. The Directors due for retirement at the 2021 Annual General Meeting, and offering themselves for re-election, are Melt Hamman and Malcolm Levy.

The appointment of new Directors is by a resolution of the Directors and any such appointment is confirmed at the next Annual General Meeting. The Remuneration and Nomination Committee identifies suitable candidates for Board appointments to ensure such appointments are formal and transparent.

Education, induction and training of Board members

The Board, through its Remuneration and Nomination Committee, oversees training and mentorship program for existing members. Board members must have an appropriate working knowledge regarding applicable legislation, rules, codes and the Group's standards and business. Updates and briefings on alterations to risks, legislation, rules, regulations, codes and standards are provided when necessary.

Conflicts of interest

The Group aims to minimise all risks related to, and associated with, real, potential or perceived conflicts of interest. Therefore all threats are monitored, combined with a robust policy that outlines what may constitute a conflict of interest, how they are reported and recorded and what steps may be taken to remove, manage or mitigate them.

If a Board member has a personal, financial, economic or any other interest that might affect objectivity, transparency or credibility, or knows that a closely related person has a personal financial, economic or any other interest in the matter, the Director must disclose it in general terms before it is considered at the meeting and may not vote on it.

Once an actual, potential or perceived conflict of interest is identified and disclosed at a Board or a committee meeting, it must be reported to the Company Secretary, who maintains and regularly updates a Conflicts of Interest Register.

Directors and the Company Secretary are required to complete an annual declaration of all relevant financial, economic and other interests held by them and their related parties. Further disclosures are required whenever there are significant changes to such interests.

Directors and Company Secretary must annually declare that they have complied with the Group's Conflict of Interest Policy. Conflicts of Interest is considered as a standing item on the agenda for each Board and Committee meeting.

Directors' dealings in Group securities

Dealing in Group securities by the Directors, the Company Secretary, associates or any member of staff is set out in the Group's Securities Dealing Policy and is regulated by the JSE Listings Requirements. All Directors and the Company Secretary must obtain approval, in writing, from the Chairman prior to any deal being undertaken. In his absence, any approval must be sought from the ESEC Chair. The Chairman must obtain approval from the ESEC Chair in relation to his personal deals. This approval must then be forwarded to the Company Secretary who maintains a register of all deals undertaken. Associates of Directors or of the Company Secretary do not require the Chair's consent to deal, but they must notify

the Company Secretary (or the Chairman if an associate of the Company Secretary).

Disclosure of any deals undertaken by Directors, the Company Secretary, associates or staff, is made promptly and within strict timeframes.

Dealing in Company shares by Directors is not permitted under any circumstances in closed periods.

In addition, securities dealing is not permitted in any period where there exists any matter that constitutes unpublished price-sensitive information or in any period when a cautionary announcement has been issued.

Directors' remuneration

The Remuneration and Nomination Committee is delegated the responsibility of determining, and agreeing with the Board the framework for compensation at all levels, and particularly Executive Directors.

The compensation of Non-Executive Directors is decided by the Board, with the Remuneration and Nomination Committee providing an advisory role.

Company Secretary

The Company Secretary assists the Board in ensuring the Company complies with statutory and regulatory requirements and that Board members are informed of their legal responsibilities.

The Board considers and satisfies itself annually that the Company Secretary has the necessary competence, qualifications and experience, and reviews the relationship between the Company Secretary and its members to determine whether he has maintained an appropriate relationship with the Board.

The Board has direct access to the Company Secretary, who advises on updates to regulations, corporate governance, and legislation. The Company Secretary has a direct and open relationship with the Chairman and non-executive Board members and communicates frequently without influence, interference or requiring permission from Executive Directors. The Company Secretary is not a Director of the Company, does not sit on any Board committees and has no major contractual relationships with MAS or any Director.

The Board maintains that the Company Secretary's independence from management is not compromised and is satisfied that the Company Secretary has the necessary skills and experience to perform their duties.

Committees

The Board has established several permanent committees to assist the Board in discharging its duties and responsibilities. The Board delegates authority, whilst retaining accountability, to relevant Board Committees (and Executive Directors where appropriate) within clearly defined mandates.

Considering its role and responsibilities, the Board decided that the following Committees are necessary to properly discharge some of its duties:

- Audit and Risk Committee;
- Remuneration and Nomination Committee, and
- Environmental, Social and Ethics Committee.

The roles, responsibilities, accountabilities, and operating guidelines of committees are documented in the relevant Terms of Reference and are compliant with King IV principles. Committees' terms of reference are approved by the whole Board and are reviewed periodically, considering regulatory guidance and industry best practices, ensuring the Board and Committees are adaptive and responsive.

Details of the current membership of each committee can be found under the governance section on MAS' website.

The established committees are detailed below.

Audit and Risk ('ARC')

The ARC Terms of Reference comply with King IV. This Committee ensures that the Group's financial performance is properly reported on and monitored and reviews internal control systems, procedures and processes, and is responsible for implementing an effective Risk Management Policy for strategic and operational risk. It also oversees the external and internal audit processes. The ARC meets at least three times a year.

Remuneration and Nomination

The Remuneration and Nomination Committee Terms of Reference comply with King IV. This Committee reviews and sets remuneration levels across the Group, including providing employees with share purchase plans and oversees Directors' appointment, evaluating Board composition and succession planning. It meets at least annually.

Environmental, Social and Ethics ('ESEC')

The ESEC oversees the environmental and social strategy and monitors progress on its implementation. This includes oversight and monitoring of environmental matters. The Committee also oversees and reports on Group's compliance with ethics and corporate citizenship.

The ESEC monitors and reviews compliance with all applicable legislation, regulations and listing requirements and ensures that the ethical culture and core values are ingrained throughout the Group. The ESEC meets at least annually.

Commitment to good governance

Good governance enables the Group to maintain an ethical culture, deliver exceptional performance and achieve effective control and legitimacy.

High standards of corporate governance and ethics are intrinsic to the Company's sustainability, and are driven by the Chairman, CEO and Board, who lead by example. To best serve the interests of shareholders and other stakeholders, MAS' corporate governance is continually reviewed, assessed, and improved. Group's policies are regularly reviewed and updated.

Ethical and effective leadership

Board members are unified in their approach and understand their responsibility to lead in an ethical manner to safeguard stakeholder's interests. It is a critical part of the Company's strategy to operate as a responsible corporate citizen. In conducting the Group's affairs, the Board endorses the principles of fairness, responsibility, transparency, and accountability advocated by King IV, in addition to acting with integrity.

The Board Charter, Fraud Prevention, Anti-Bribery and Anti-Corruption policy, codes of conduct for the Directors, staff and suppliers are all in operation. There have been no incidents or reports of breaches, bribery, corruption or whistleblowing during the financial year.

The ESEC plays a key role in exercising oversight of ethics and, although responsibility is delegated to this Committee, the Board remains accountable for all ethical matters.

Corporate governance principles

As a business listed on the Main Board of the Johannesburg Stock Exchange, MAS remains committed to complying with the listings requirements of the Johannesburg Stock Exchange, general principles of good corporate governance and, in particular, to the recommendations for best practice as laid down within the corporate governance principles as recommended by King IV. The Group continues to apply the 'comply and explain' approach. Exceptions and differences regarding the application of the principles and recommendations, if any, are recorded and reviewed periodically by the Board.

The King IV Application Register, setting out how the Company has applied these principles, is available on the Group's website: www.masrei.com.

Corporate governance framework

The Board considers that effective governance is achieved by the creation of an appropriate governance culture through leadership and collaboration. This is of particular importance during sustained periods of growth when there is substantial change within the organisation. The Board is committed to the highest standards of business integrity, ethical values and governance. The Group recognises its responsibility to conduct affairs with prudence, transparency, accountability, fairness and social responsibility, whilst safeguarding the interests of all stakeholders. The Corporate Governance Framework is intended to underpin decision making, via robust interrogation of the Group's strategy, execution and, ultimately,

performance. Effective risk management, coupled with an ethos of continuous improvement are areas of ongoing focus.

Board charter and codes of ethics and conduct

Exemplary standards of behaviour are expected when representing or acting as an agent on behalf of MAS. In addition to Board members and staff, this applies to suppliers, joint-venture partners, and consultants.

The Board Charter and the Directors' Code of Ethics and Conduct are the key documents adhered to by the Board. They govern and direct the level of professional competence and integrity required by Directors in business dealings on behalf of the Group.

The Staff Code of Ethics and Conduct is available to all staff and demonstrates the Company's commitment to strong values and human rights. MAS does not tolerate any form of unlawful or unethical behaviour by any person or entity associated with it.

The Board Charter and the various codes of ethics and conduct are reviewed periodically and updated as required.

Conflicts of interest disclosures

The Group conducted a detailed review of its Conflicts of Interest Policy and Directors' declarations during the financial year to enhance the comprehensive program for disclosure, and each Director is satisfied, so far as they are aware, that they have fully and frankly disclosed information in a manner which is sufficient for them and the Company to comply with requirements.

Broad-based black economic empowerment

Being a foreign inwardly-listed company on the JSE, MAS previously obtained legal advice as to whether it is obliged to report on its compliance with Broad-Based Black Economic Empowerment (BBBEE) in terms of the BBBEE Act and paragraph 16.20 of the JSE Listings Requirements, which concluded that MAS is not subject to any duty imposed in South Africa. Notwithstanding this, the Group is an equal opportunities employer and is determined that its policies and actions reflect fair and equitable treatment across all aspects of the business.

Statement

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Board Charter and its Code of Ethics and Conduct. MAS has complied with applicable legislation, particularly with reference to the incorporation provisions as set out in the British Virgin Islands (BVI) Companies Act and has operated in conformity with MAS' Articles of Association during the year under review.

Furthermore, the Group has applied, in all material respects, the principles of King IV Code of Corporate Governance during the financial year.

Report of the Audit and Risk Committee



VASILE IUGA

Audit and Risk Committee Chair
(Independent Non-Executive Director)

OTHER MEMBERS



Brett Nagle
Independent
Non-Executive Director



Claudia Pendred*
Independent
Non-Executive Director

* Claudia Pendred was appointed Lead Independent Non-Executive Director on 26 August 2021. Since that date, Claudia has been replaced on the Audit and Risk Committee by Melt Hamman who, following the annual assessment of the independence of Non-Executive Directors, was classified as an Independent Non-Executive Director.

This is an overview of the governance, responsibilities and performance of the Audit and Risk Committee during the year ending 30 June 2021. During this period, the Committee examined financial reporting, risk management, whistleblowing and fraud prevention arrangements and the independence and effectiveness of the external and internal auditors.

This was achieved by:

- assessing the impact of Covid-19 on operations and mitigating actions undertaken by management;
- implementing an internal audit function;
- identifying risk categories through the utilisation of the JSE's proactive monitoring and mitigating factors, analysis of its recommendations and subsequent implications for the Group's financial statements;
- recommending the reappointment of PricewaterhouseCoopers (PwC) including reviewing the Terms of Engagement, audit fee proposals, independence, objectivity and findings reports;
- updating key policies related to the valuation of investment property;
- updating key policies related to provision of non-audit services and fraud prevention, anti-bribery and anti-corruption;
- confirming that accounting for significant and/or unusual transactions is in accordance with International Financial Reporting Standards (IFRS), and
- confirming that accounting for the key audit matters included in the Audit Report is in accordance with IFRS.

Responsibilities

In accordance with the charter, the Audit and Risk Committee has the following duties:

Financial reporting

- Reviewing the Group's annual and interim financial statements, and annual report.
- Reviewing the integrity of the annual financial statements and, to the extent delegated by the Board, other external reports issued by the Group, confirming that they are fair, balanced and coherent and provide shareholders with the necessary information to assess the Company's performance, business model and strategy.
- Evaluating the significant judgements, estimates and reporting decisions affecting the financial reports, including changes in accounting policies and decisions requiring significant judgement or estimation.
- Reviewing the going concern statement.
- Reviewing the expertise and effectiveness of the Group's finance function and CFO.
- Understanding the internal financial control systems that identify, assess, manage and monitor financial risks and ensure efficient operation.

Risk management, combined assurance, and internal control

- Overseeing the implementation of an effective policy for risk management enhancing MAS' ability to achieve strategic objectives.
- Assessing the principal risks facing the Group.
- Reviewing the risk management policy and its dissemination throughout the Group and ensuring this is integrated with day-to-day activities at all levels.
- Reviewing management's risk monitoring and assessing its effectiveness.
- Ensure comprehensive, timely and relevant disclosure of risks.
- Reviewing internal control systems ensuring adequate processes are in place to ensure efficient operation.

External audit

- Making a recommendation to the Board regarding the appointment, reappointment or removal of the external auditor.
- Overseeing the relationship with the external auditor, including approval of remuneration and Terms of Engagement.
- Meeting with the external auditor to discuss remit and issues arising from the audit.
- Overseeing the external audit process and reviewing the effectiveness of the external audit process.
- Developing, and implementing, a non-audit services policy for the external auditor to avoid any threat to auditor objectivity and independence.

Internal audit

- Reviewing and approving the Internal Audit Charter.
- Reviewing the effectiveness of the Internal Audit function, including staffing, resources and capacity to carry out the Annual Internal Audit Plan.
- Reviewing the activities and organisational structure of the Internal Audit function, ensuring no unjustified restrictions or limitations exist and that it remains independent.
- Reviewing and approving the Annual Internal Audit Plan.
- Reviewing and approving internal audit reports, including management's action plans to address risks and control deficiencies highlighted by it.
- Monitoring the implementation of action plans based on reports provided by the Internal Audit function.

Whistleblowing

- Reviewing procedures enabling members of staff to confidentially raise concerns about possible malpractice in financial reporting or other matters.

In accordance with the Group's corporate governance requirements, and fully compliant with best practices, the Audit and Risk Committee:

- consists of at least three Independent Non-Executive Directors;
- is chaired by an Independent Non-Executive Director, who is not the Chairman of the Board;
- consists of members fully conversant with finance and accounting principles, and who are knowledgeable about Company affairs, and
- consists of members who have a fair understanding of IFRS, internal controls, external and internal audit processes, corporate law and information technology, as it relates to integrated reporting and governance processes.

The Chairman of the Board may attend meetings if invited by the Audit Committee Chair but cannot be a member of the Audit Committee.

The Committee performs a self-assessment every two years and is satisfied it has fulfilled its prescribed duties, that members acted independently and collectively had the requisite qualifications and experience.

The Committee assessed the expertise and experience of MAS' CFO and the finance function and is satisfied they have the expertise and experience to effectively perform their duties. The Committee is satisfied that financial reporting procedures are operating efficiently.

The Committee meets a minimum of three times a year. The external auditor is invited to attend meetings where the consolidated interim financial statements, the consolidated annual financial statements and investment property external valuations' assumptions and appropriateness are reviewed by the Committee. In addition to meetings held during the financial year, the members of the Audit and Risk Committee held one meeting in August 2021 to assess the Group's year-end financial statements prior to recommending these for approval by the Board. Furthermore, the Committee has conferred with the external auditor without management present.

The ARC also supervised the conclusion of a pro-active monitoring process by JSE on the annual financial statements for the period ended 30 June 2019, following which enhanced disclosure was incorporated in the Group's current and prior year financial statements.

Meetings

The Committee held five formal meetings and one informal meeting during the financial year. The Committee's focus at each formal meeting is detailed below:

August 2020	Reviewed and considered recommending to the Board the approval of the ARC Terms of Reference. Discussed with management and reviewed the appropriateness of the property valuation process on 30 June 2020. Reviewed and approved the external audit plan and fee proposal for the financial year ended 30 June 2020.
August 2020	Analysed findings of the JSE proactive monitoring process. Reviewed and considered recommending to the Board the approval and release of the 30 June 2020 financial statements. Discussed with external auditor the audit quality and review process for the financial statements for the financial years ended 30 June 2019 and 30 June 2020. Reviewed the expertise and effectiveness of the Group's finance function and CFO.
December 2020	Discussed with management the approach to risk management and internal controls. Approved the Internal Audit Charter and Internal Audit Manual. Approved the annual and multiannual Internal Audit Plan. Reviewed and considered recommending to the Board the approval of the 2020 Annual Report.
February 2021	Reviewed and approved interim external audit review fees and the external audit engagement letter. Reviewed and approved non-audit fees for the external auditor's involvement in the bond issue process. Reviewed and considered recommending to the Board the approval and release of the 31 December 2020 interim financial statements. Discussed with external auditor the interim review findings for the six months ended 31 December 2020.
June 2021	Reviewed and approved the annual and multi-annual Internal Audit Plan. Discussed with external auditor the audit and review process for the 30 June 2021 financial statements. Reviewed and approved updated Group policies within the committee's overview, as well as the updated Group's Internal Controls Framework. Reviewed and considered recommending to the Board the approval of the Audit and Risk Committee Terms of Reference.

Significant judgements and estimation uncertainties

The Committee assessed if suitable accounting policies had been selected and if appropriate judgements regarding application had been made, and whether management had made appropriate estimates. The Committee paid attention to matters it considered important because of their impact on the Group's results and particularly those involving more complexity and management judgement or estimation.

The Committee obtained assurance from the external auditor in relation to assessments relating to key audit matters and other significant matters which are detailed below.

Key audit matters

- Valuation of investment properties and investment property held for sale.
- Impact of coronavirus.

How the Committee addressed these issues

- The valuation of investment property and investment property held for sale requires significant judgement and estimation, therefore the Committee discussed the process with management ensuring compliance with industry standards and stock exchange requirements. The Company obtained independent valuation reports for each asset, for each half-year period and the Committee discussed the reports and assumptions considered in these, with the auditors as well as with management.
- The Committee reviewed and assessed management's going concern analysis and key assumptions used in preparing the going concern model with regard to the pandemic, and the potential impact of a fourth wave, considering various base case and downside case scenarios. The Committee also considered the disclosures presented in the financial statements related to this matter and deemed them adequate.

External auditor

The Committee appoints the external auditor and oversees audit effectiveness and independence. This is achieved by focusing on the following key areas:

- review of the scope of the annual audit plan, particularly its appropriateness, key audit matters and materiality;
- assess external auditor's effectiveness in relation to independence and audit quality, and
- consider appropriateness of, and approve external auditor's remuneration fees.

Committee also debated the appropriateness of the key audit matters identified.

The Committee confirmed that the external auditor has been effective in adequately fulfilling its responsibilities and has the requisite qualifications, expertise and resources to discharge its duties based on the information provided in terms of paragraph 22.15(h) of the JSE Listings Requirements.

The Group's external auditor, PwC, 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 Committee has reviewed the appropriateness of the external auditor's fee within the context of the Group's challenges and complexity faced during the financial year, increased communication between the Committee and external auditor and the audit's multi-jurisdictional nature. The Committee reviewed the fees and concluded they are commensurate with the work performed and sufficient to perform a quality audit.

The fees approved in respect of PwC are detailed in the table below.

	30 Jun 21	30 Jun 20
	€'000	€'000
Group interim review fee*	100	85
Group year-end audit fee*	474	476
Statutory and standalone audit fees	84	86
Non-audit fees**	156	48
Total	814	695

* Numbers include full fees for audit work performed for the DJV in the context of MAS' financial statements.

** Non-audit fees incurred during the financial year ended 30 June 2021, relate exclusively to the external auditor's involvement in the bond issue process.

The non-audit services policy requires that all non-audit services performed by the external auditor are approved by the Committee. The policy clarifies the scope of additional services and requires approval from the Committee before any non-audit services are engaged for the Company or any of its subsidiaries.

Combined assurance framework

The Group utilises a combined assurance model to manage risk and ensure the effectiveness of controls, risk management procedures and governance processes. The model's multiple lines of defence emphasise the fundamental concept of holistic risk management and allows MAS to manage risk exposure while optimising opportunities.

Risk management

Effective risk management is essential to achieving strategic and operational objectives and goals. Risk management is fundamental to good management practice and is a significant aspect of the corporate governance process as it is integral to decision-making and day-to-day management and is incorporated into strategic and operational planning processes across the organisation.

Ultimately, managing risk is Board's responsibility, however, without abdicating this authority, the Board has delegated this function to the Committee, which oversees risk management. Executive management have day-to-day responsibility for the implementation of risk management. The Committee focuses on key risks that affect the business and these are assessed regularly.

Internal controls

The Group's internal control framework considers the following components:

- Risk identification;
- Risk assessment;
- Risk response;
- Risk monitoring, and
- Risk reporting.

The Committee is satisfied that adequate processes were in place and internal controls operated effectively throughout this period.

Whistleblowing

The Committee is responsible for overseeing MAS' whistleblowing policy that provides a formal framework for staff members and Directors to raise concerns if they believe misconduct or illegal activities are present within the organisation, or supply chain.

To facilitate this, the Group maintains a dedicated, independent and confidential Whistleblowing Hotline for staff, operated by an independent firm of chartered accountants, which is available 24/7. Concerns can be raised by email, online or by telephone to preserve anonymity.

There have been no instances of whistleblowing this year.

Future priorities

During the next financial year, the Committee will maintain focus on the financial reporting and internal control implications of Covid-19, capital allocation initiatives in CEE and the risk management process.

This report has been prepared in accordance with the JSE Listings Requirements, King IV and other applicable regulations.

Conclusion

The Committee is satisfied that it has discharged its duties under its Terms of Reference from the Board.

— Vasile Iuga

CHAIR, AUDIT AND RISK COMMITTEE

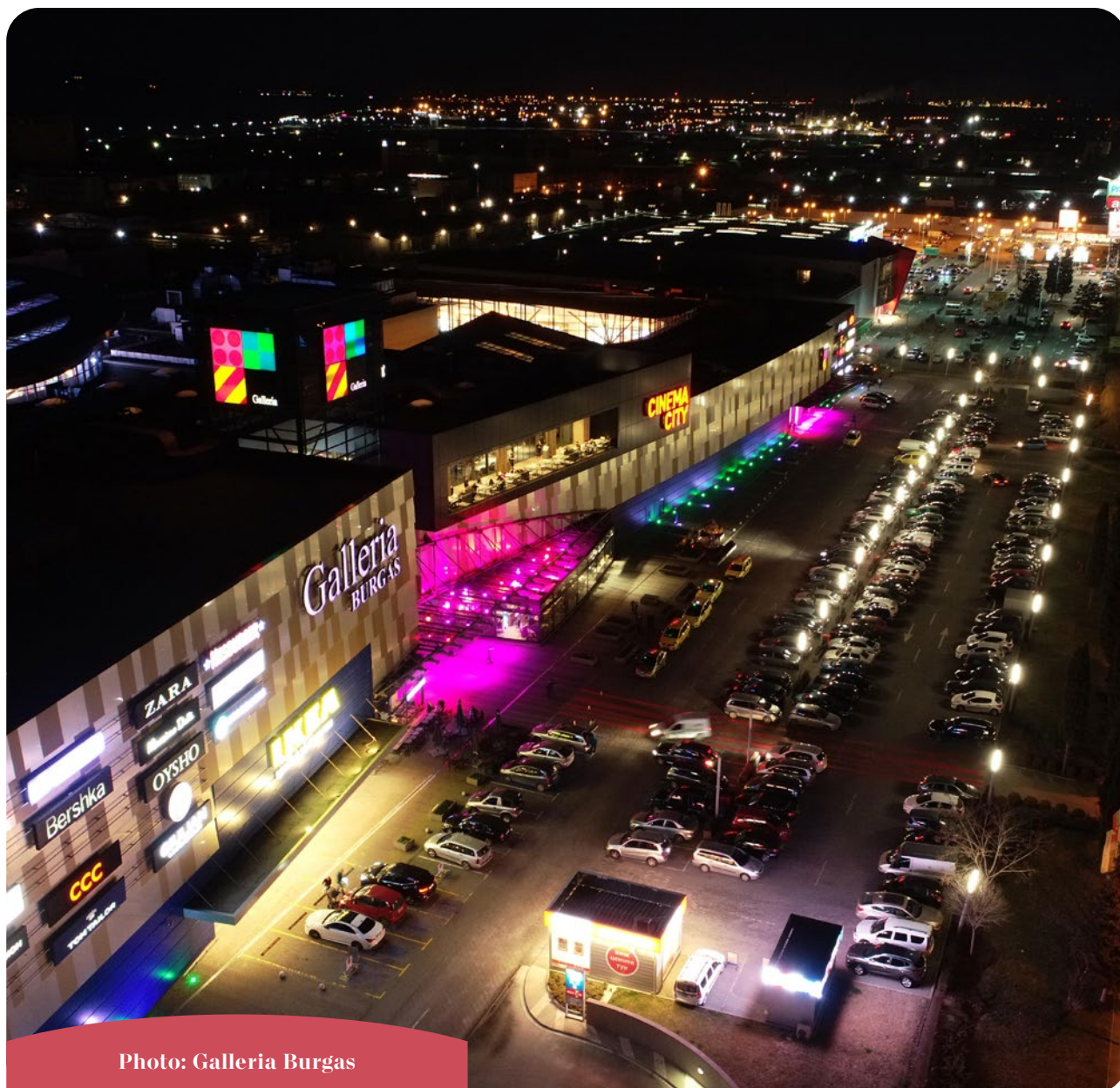


Photo: Galleria Burgas

Report of the Remuneration and Nomination Committee



DAN PASCARIU

Remuneration and Nomination
Committee Chair (Independent
Non-Executive Director)

OTHER MEMBERS



Pierre Goosen
Independent
Non-Executive Director



Melt Hamman*
Independent Non-Executive Director

* Melt Hamman was replaced in the Remuneration and Nomination Committee by Werner Alberts on 26 August 2021 (Independent Non-Executive Director).

This is the report for the year ending 30 June 2021, prepared by the Chair of the Remuneration and Nomination Committee, and provides an overview of governance, responsibilities and discharge of duties. The 'Remuneration' section has three parts: 'Background Statement', 'Compensation Policy', and 'Compensation Implementation Report'. The latter two will be presented to shareholders for separate non-binding advisory votes, as required by the JSE Listings Requirements.

Key focus

During the year, amongst other matters, the Committee focused on the following:

- Reviewing Diversity and Equality Policy;
- Reviewing Compensation Policy;
- Discussing the methodology and effectiveness of Directors' skills assessment, and
- Ensuring the consistent application of MAS' Compensation Policy in respect of new Executive Directors to reinforce long-term decision making and profitability, retain staff and support an appropriate value-driven corporate culture, as initiated the previous year.

Composition

The Remuneration and Nomination Committee:

- consists of three Directors, all of whom are Independent Non-Executive Directors, and
- is chaired by an Independent Non-Executive Director, who is not the Chairman of the Board.

The Directors serving on the Remuneration and Nomination Committee have diverse, complementary backgrounds.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are invited to attend meetings when appropriate, but do not vote on matters tabled at committee meetings. The Company Secretary acts as Secretary to the Committee.

The Committee must meet at least annually, and held two meetings during financial year 2021.

Remuneration

PART ONE Background Statement

Committee governance

Purpose

The Committee ensures that the Compensation Policy and its implementation supports MAS' short and long-term strategic objectives, and attracts, rewards and retains staff members.

Responsibilities

The Committee is responsible for matters below, as set out in its Terms of Reference.

- Determining and agreeing with the Board, the framework, or broad policy, for compensation at all levels and particularly the Group's Executive Directors, and, if required by the Board, the senior management team ('Compensation Policy').
- Advising the Board regarding compensation of Non-Executive Directors.
- Ensuring implementation of a fair, responsible and transparent Compensation Policy.
- When determining the Compensation Policy of Executive Directors and, if required, senior management team, the following must be considered:

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- » how the Company's vision, values and objectives supports and motivates all Directors and staff to pursue its growth and success, within a responsible and ethical corporate culture;
 - » how compensation attracts, rewards and retains staff;
 - » how each element of compensation operate and whether clawback provisions are appropriate;
 - » how the mix of fixed and variable compensation, in cash, shares and other elements, meet MAS' requirements and strategic objectives (incentives drive organisational staff values and long-term profitability, variable pay is subject to, and intended to advance along with long-term profitability and shareholders' returns, and is awarded on individual merit, which in turn is based on performance appraisals and individual contribution to profitability);
 - » how appropriateness of compensation packages is ensured by scrutinising all benefits, including pensions, benefits-in-kind and other financial transactions, to confirm they are justified, correctly valued and suitably disclosed, and
 - » how shareholders' and other stakeholders' views are considered when setting Compensation Policy.
- Recommending new Executive Directors' compensation.
 - Reviewing the ongoing appropriateness, and relevance, of the Compensation Policy.

- Reviewing and approving the Compensation Implementation Report, ensuring it includes a statement regarding compliance with, and deviations from, the Compensation Policy, and whether Group objectives were met.
- Ensuring the Compensation Implementation Report is put to a non-binding advisory vote at the Annual General Meeting.
- Reporting to shareholders annually on behalf of the Board, as required by law and in accordance with best practice.
- If the Compensation Policy or the Compensation Implementation Report is voted against by more than 25% of shareholders, assist the Board with shareholder engagement and in addressing legitimate and reasonable objections or concerns, as detailed in the Compensation Policy.
- Considering the performance of duties against any published guidelines, or recommendations regarding the compensation of company Directors whose shares are traded on a recognised stock exchange.
- Managing evaluation of all Executive and Non-Executive Directors' performance.
- Agree the authorisation policy regarding the reimbursement of any expense claims from the CEO, Chair and Non-Executive Directors.

- When relevant, to review, update and approve any policy, or statement, delegated by the Board to the Committee for approval.
- Considering any other matters requested by the Board.

Shareholder engagement

On 14 January 2021, 77.91% of shareholders that voted at the Annual General Meeting endorsed the 2020 Compensation Policy and 77.8% endorsed its implementation during 2020. The Board is content changes made to the Compensation Policy have been well received by shareholders, reflecting strong interest alignment between MAS' management and its shareholders towards driving long-term total returns.

PART TWO Compensation Policy

Compensation - staff

Philosophy

The remuneration philosophy is to attract, invest in and retain the best talent, enabling the Company to meet strategic objectives.

Long-term staff performance and productivity is driven by numerous factors, including skills and knowledge, respect for leadership,

experience, positive work environment, personal investment in business and a transparent and fair remuneration system. Compensation and staff policies are fair and transparent, ensuring long-term focused staff contributions are aligned with Group values.

The Group's main principles of people management are based on:

- attracting, retaining and developing staff;
- staff acknowledging and adhering to the corporate culture and, more specifically, core organisational staff values;
- staff's alignment with shareholders' interests;
- a performance culture, based on maintaining a healthy balance between individual performance and teamwork;
- support, reinforce and reward of excellence;
- effective selection and use of resources;
- appropriate, efficient and cost-effective compensation structures;
- compliance with regulatory and ethical standards;
- having compensation structures that reflect the Risk Management Policy;
- appraisal and control, and
- fairness and accountability.

Compensation structure

Component	Principle	Instrument	Eligibility
Fixed compensation	Fair and competitive to attract talent and ensure a reasonable standard of living.	Monthly cash payments	All staff
Variable compensation	Awards based on a combination of individual performance assessment, individual's contribution to profitability and MAS' overall, long-term financial results.	Cash bonus	Staff other than senior executives
	In addition to the competitiveness of total compensation packages, if the Company is outperforming objectives, for instance, by delivering returns more than the risk-adjusted return on equity required by shareholders, compensation should also outperform the market.	MAS shares in lieu of cash bonus	Staff other than senior executives
		MAS Share Purchase Scheme ('MAS SPS')	Senior executives

MID-MANAGEMENT AND LOWER-LEVEL STAFF

Cash bonus

A biannual bonus pool, subject to the Group's profitability, is generated and distributed based on an individual's contribution to MAS' financial success. This is facilitated through a biannual, 360-degree performance appraisal system, where staff are assessed by colleagues and managers, based on achievements, especially in relation to core values, and individual contribution to results, and adjusted, and moderated, by senior management.

Cash bonuses are generally awarded to mid-management and lower-level staff.

Senior management and individuals who, due to their roles, can, and do, make material contribution to the Group's profitability, for instance, Executive Directors, function heads, asset managers, other relevant staff members are invited to participate in the MAS SPS, excluding them from the Cash bonus scheme. Cash bonuses are payable in three parts, with the payment of the second and third instalments deferred for 12 and 24 months respectively. The deferred payments are subject to, amongst others, continued overall profitability in managements' discretion and continued employment on payment date.

The cash bonus is discretionary and awarded when merited. When determining the amount, multiple factors are considered, including overall remuneration as compared to market related compensation levels. Individual annualised bonuses typically range from one to three months' salary. The payment of second and/or third instalments is subject to retroactive negative adjustment in cases of gross misconduct.

MAS shares in lieu of cash bonus

Staff may, occasionally, be granted the opportunity to invest their cash bonus in MAS shares. Typically, this involves converting bonuses into a direct, or indirect, entitlement to MAS shares, acquired in the market, subject to the following terms and conditions:

- the shares cannot be sold for a specific period (lock-in period), after which, subject to continued engagement, staff may trade the shares;
- MAS shares revert to the relevant employer or issuing party, without compensation if a participant's engagement ceases prior to the end of the lock-in period, and
- participants benefit from dividend payments declared by MAS, subject to continued employment.

SENIOR EXECUTIVES

MAS Share Purchase Scheme ('MAS SPS')

Senior executives, defined as senior managers and individuals who, due to their roles, can, and do make greater contributions to Group profitability, for instance, Executive Directors, function heads, asset managers, other relevant staff members, are invited to participate in the MAS SPS. Staff who participate cannot participate in other bonus schemes (detailed above). Participation is based on performance appraisals or attracting new talent.

Short-term key performance indicators (KPIs) have no relevance in the determination of compensation for senior executives as the Company views this practice as incentivising short-term behaviours, which may be detrimental to shareholders' returns in the long term, and not suitable for accommodating sudden or abrupt changes in circumstances or business environment. Consistent with MAS' long-term approach to compensation, the Company applies total shareholders' returns as the single performance indicator for senior executives' incentivisation. All decisions regarding matters of capital allocation, operational, including staffing and remuneration, and other factors are driven by the same indicator, with a view to maximise long-term total shareholders' returns in a sustainable manner.

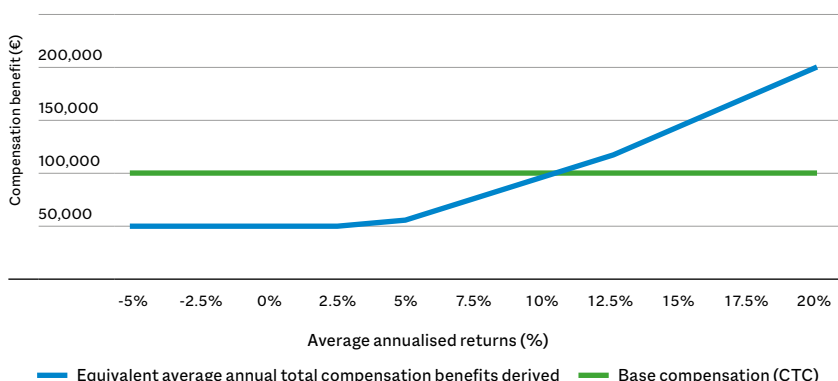
The compensation structure for senior executives thus reflects the Company's strategy to sustainably maximise long-term returns to shareholders. Each senior executive's total compensation is established by considering the cost to company (CTC) in respect of each element of compensation.

Compensation packages are designed to include a fixed portion (cash package) and a variable portion, through participation in the MAS SPS. The Company favours weighing at least a third of total senior executive compensation to long-term incentivisation. Shares are issued in the MAS SPS, and cost is reflected as part of the senior executives' base packages in accordance with the applicable vesting terms of each issue.

The CTC (and shareholders) associated with the issue of MAS SPS shares is the expected net reduction in absolute return to shareholders due to the MAS SPS issues over the term of the applicable loans (measured at the Company's cost of equity and cost of finance applicable to the MAS SPS loans) at the time of the share issues. The actual benefit realised by senior executives is dependent on the actual total returns to shareholders achieved after the issues of shares in the MAS SPS. As a result, there is strong alignment and appropriate correlation between long-term shareholders' return and total compensation of senior executives.

Below is a graphical illustration of the potential annual base package (CTC) translation to actual average annual compensation for a senior staff member over a five-year period, assuming the individual's compensation is structured equally as fixed remuneration and the MAS SPS, and that the staff member would remain in the Group's employment for a period of five years post the MAS SPS share issue. For purposes of illustration, market related base compensation (CTC) is set at €100,000 per year and assumed employment of five years is associated with the full vesting period of the MAS SPS, as described below. If the individual would leave prior to full vesting of the MAS SPS shares, the staff member's benefits would decrease substantially (likely to below base compensation level), whereas if the individual remains with the Group for longer than the full vesting period actual benefits derived could significantly increase over time, thus encouraging staff retention and incentivising for long-term thinking.

Concurrence of compensation structure with five-year total annual shareholders' return



The graph illustrates appropriateness of alignment of and correlation between magnitude of long-term total shareholders' returns and potential benefits derived by senior executives participating in the MAS SPS. Whilst cash remuneration establishes a floor to total annual compensation, senior executives' total compensation derived over the period is below base (market) compensation packages where total shareholders' returns are below expectations, and it exceeds base compensation to the extent that total annual shareholders' returns over the prior outperform.

Eligible members of staff invited to participate in the MAS SPS are awarded loans to acquire Company shares at the five-day volume weighted average price of a share on the JSE, immediately preceding the date they were admitted to the MAS SPS (Offer Date). The loans attract interest at a rate equal to the Company's weighted average cost of debt and are non-recourse loans.

Shares are unlocked in accordance with the scheme's rules, and participants may only dispose of unlocked shares. Locked shares are forfeited, without compensation, if staff leave the Group prior to unlocking.

Participants in the MAS SPS are entitled to receive dividend payments less interest accumulated on the applicable loans.

Proceeds from any disposal of unlocked shares are first used to repay the corresponding loan and accrued, but unpaid, interest, with the surplus distributed to the participant.

With regard to offers made after 31 August 2020, 33.3% of scheme shares are unlocked on the third anniversary of the Offer Date and the balance on the fifth anniversary and malus and clawback provisions apply. Malus refers to the retroactive negative adjustment of the number of shares offered. Clawback represents monetary recovery imposed by the Board on a participant, or former participant, of up to the net benefits derived by said individual.

Therefore, in respect of shares issued or allotted since August 2020, malus and/or clawback may be invoked (in the latter instance, it applies to benefits derived for a period of up to three years after vesting of the relevant shares) on the discovery by the Board of any event, act or omission, involving, or attributable to, a participant in the MAS SPS leading or amounting to:

- a material misstatement of the financial results resulting in an adjustment of MAS' audited consolidated accounts or the financial statements of any member of the Group;
- serious misconduct (based on the reasonable opinion of the Board), or
- a material censure, or potential material censure, under legislation or regulations of any regulatory authority applicable to any part of the Company (based on the reasonable opinion of the Board).

The amount of this malus and/or clawback is at discretion of the Board, who must act reasonably.

Cost allocation to the development joint venture with Prime Kapital

As a result of the Transaction, certain staff members continue to provide services to the DJV with Prime Kapital for the full duration of the agreement. Staff covering functions incorporating asset management, finance, legal, human resources and other operational functions, as well as relevant systems, and processes were transferred by Prime Kapital to MAS.

Staff costs, whether fixed compensation, bonuses or participation in the MAS SPS, are allocated to, and recovered from, the DJV based on the time individual staff work on the DJV (excluding MAS' own administration in respect of the DJV). This principle is applied reciprocally. Costs in respect of deferred bonuses are allocated based on the staff members' time spent on the project in the six-month period immediately preceding the original allocation and are recovered from the DJV at the time of payment to staff. In respect of MAS SPS participation, cost in relation to shares issued is allocated to and recovered from the DJV in each consecutive six-month period during the five-year vesting period, based on the staff member's time spent during those periods. Costs associated with the MAS SPS that was recovered from the DJV in respect of shares that were later forfeited, are reimbursed to the DJV.

Composition of compensation - Board

Non-Executive Directors

Non-Executive Directors received, for the financial year 2021, a base fee, plus additional compensation for participation on Committees. To avoid any potential conflict of interest, and to maintain independence, Non-Executive Directors do not participate in the Group's variable compensation scheme. They are reimbursed for proper and reasonable costs incurred while performing duties and are entitled to request expert advice and input as required to fulfil responsibilities.

Non-Executive Directors' compensation is benchmarked annually and adjusted for inflation, and reflect annual responsibilities, as well as meeting attendance and Committee obligations.

Executive Directors

As part of the Transaction Agreement with Prime Kapital, dated 27th November 2019, Martin Slabbert and Victor Semionov were appointed as Executive Directors, respectively, for the duration of a three-year lock-in period, starting on Transaction closing date. The duration of the lock-in period, and their mandate was estimated to reflect MAS' business transition to CEE.

The appointment of Martin Slabbert and Victor Semionov was contingent on no remuneration (fixed or variable) being paid to either, by MAS, for the duration of the lock-in period.

Executive Directors, apart from Martin Slabbert and Victor Semionov, as mentioned above, are compensated as senior executives, strongly aligning interests of shareholders with those of management and consistent with MAS' long-term approach to compensation, i.e. that the Company applies total long-term shareholders' returns as the single performance indicator for Executive Directors' incentivisation. All decisions regarding matters of capital allocation, operational, including staffing and remuneration, and other factors are driven by the same indicator, with a view to maximise long-term total shareholders' returns in a sustainable manner.

Executive Directors' compensation packages are set by the Board with reference to market related compensation levels and combined with the semi-annual review process which focuses on core staff values, and the Board favours weighing more than 50% of total Executive Directors' compensation to long-term incentivisation by means of participation in the MAS SPS.

Shares are issued in the MAS SPS, and cost is reflected as part of the Executive Directors' base packages in accordance with the applicable vesting terms of each issue. The actual future benefit realised by the Executive Directors from MAS SPS participation is dependent on the actual total returns to shareholders achieved after the issues of shares in the MAS SPS. As a result, there is strong alignment of and appropriate correlation between magnitude of long-term shareholders' return and total compensation of Executive Directors, as is illustrated in more detail above under section 'MAS Share Purchase Scheme ('MAS SPS')'.

PART THREE Compensation Implementation Report

3

Non-Executive Directors - total compensation

Following the restructuring and redistribution of responsibilities between Committees, a thorough review and market benchmarking exercise was undertaken at the end of the 2021 financial year aimed at aligning fee structure with market rates. Following a review of the analysis, a fee structure simplification, commencing at the start of the upcoming financial year (1 July 2021) was recommended to the Board for approval. Once the Company is redomiciled to Malta, the Committee will revisit the Non-Executive Directors' fees to consider appropriate adjustments. The fee schedule is presented below.

Non-Executive Directors' Compensation	2021	2022
	€*	€*
Base retainer		
Board Chairman	35,000	46,000
Board other Non-Executive members	30,000	40,000
Plus additional fees		
Audit and Risk Committee Chairman	10,000	6,000
Audit and Risk Committee member	7,500	3,000
Remuneration and Nomination Committee Chairman	5,000	-
Remuneration and Nomination Committee member	3,000	-
Environmental, Social and Ethics Committee Chairman	5,000	-
Environmental, Social and Ethics Committee member	3,000	-

* All figures presented herein represent CTC.

Executive Directors - total compensation

As specified above, and in accordance with the terms of the Transaction, no remuneration was payable by MAS, to Martin Slabbert and Victor Semionov from the Transaction Date, for the duration of the lock-in period. Other Executive Directors are remunerated on the basis presented above.

In respect of the two Executive Directors appointed after the Transaction, the Board has considered and approved the compensation packages detailed below, applicable starting September 2021. Compensation of the Executive Directors illustrates the implementation, in accordance with the Compensation Policy and principles set out in Part Two of this report, of MAS' approach to compensation of senior executives, i.e. to strongly aligning interests of executive management with shareholders, focusing on total long-term shareholders' returns as the single performance indicator for Executive Directors' long-term variable compensation.

	Irina Grigore CFO (deputy CEO)		Dan Petrisor Executive Director	
	No of shares	Cost to Company	No of shares	Cost to Company
Annualised base compensation		500,000		220,000
Annualised fixed cash-based compensation		145,000		125,000
Annualised compensation via MAS SPS participation	1,740,789	355,000	458,272	95,000
MAS SPS shares allocated - Sep 2020	530,012	111,030	110,714	23,193
MAS SPS shares allocated - Mar 2021	112,327	23,921	172,735	36,785
MAS SPS shares allocated - Sep 2021	1,098,450	220,049	174,823	35,022
Portion of CTC compensation package granted in MAS SPS shares		71%		43%

An estimate of potential annualised benefits derived from Executive Directors' compensation, in accordance with the relevant vesting periods of each allocation under the MAS SPS to the date of this report and based on potential different total annual shareholders' return outcomes, is presented in the table below and reflect Executives' incentives to enhance long-term shareholder value.

Total annual shareholders' return outcomes	≤0%	10%	15%	20%
Annualised estimated total compensation 2022-2027				
Irina Grigore	145,000	364,787	601,914	884,069
Dan Petrisor	125,000	184,658	247,514	322,305

Allowances granted to staff to compensate for additional living costs, or one-off amounts, associated with relocation (to Malta) have been excluded from the amounts presented above.

Other Senior Executives - total compensation

Information included in the table below shows implementation of the Compensation Policy in respect of MAS' other senior executives (15 individuals), on an annualised aggregated basis, applicable starting September 2021.

	No of shares	Cost to Company
Annualised base compensation		2,243,886
Annualised fixed cash-based compensation		1,340,946
Annualised compensation via MAS SPS participation		902,940
MAS SPS shares allocated - Sep 2020	2,021,964	423,573
MAS SPS shares allocated - Mar 2021	1,498,237	319,062
MAS SPS shares allocated - Sep 2021	800,216	160,305
Weighted average portion of CTC compensation package granted in MAS SPS shares		40%

MAS staff - total compensation

The following table sets out implementation of the Compensation Policy in respect of MAS staff other than senior executives (mid management and lower-level staff) in relation to the 2021 and 2020 financial years, on an aggregated basis. Amounts presented are weighted by the applicable period the respective individuals have been MAS' staff members, including in respect of staff transferred with the November 2019 Transaction. These exclude staff in MAS' Isle of Man office, for which compensation in relation to the two financial years is impacted by implementation of strategic measures to restructure the Group's corporate function.

	30 Jun 2021	30 Jun 2020
Total compensation	3,513,638	1,361,855
Fixed cash-based compensation	3,115,244	1,197,940
Cash bonus awards	398,394	163,915
Number of staff members	162	92

2021 long-term incentive unlocking/vesting

Names	Granted during 2020	Forfeited during 2020 ¹	Exercised during 2020	Closing on 30 Jun 2020	Vested but unexercised during 2020	Value of receipts during 2020 ^{1,3}	Estimated closing fair value on 30 Jun 2020 ²	Granted during 2021 ⁴	Forfeited during 2021 ³	Exercised during 2021	Closing on 30 Jun 2021	Vested but unexercised during 2021	Value of receipts during 2021 ^{1,3}	Estimated closing fair value on 30 Jun 2021 ²
	shares	shares	shares	shares	shares	€	€	shares	shares	shares	shares	shares	€	€
Irina Grigore														
2021 SPS – tranche 1 (2024)	-	-	-	-	-	-	-	213,899	-	-	213,899	-	-	-
2021 SPS – tranche 2 (2026)	-	-	-	-	-	-	-	428,440	-	-	428,440	-	-	-
Dan Petrisor														
2021 SPS – tranche 1 (2024)	-	-	-	-	-	-	-	94,388	-	-	94,388	-	-	-
2021 SPS – tranche 2 (2026)	-	-	-	-	-	-	-	189,060	-	-	189,060	-	-	-
Jonathan Knight														
2017 SPS – tranche 1 (2018)	-	-	-	300,000	300,000	14,204	-	-	-	-	300,000	300,000	-	-
2017 SPS – tranche 2 (2019)	-	-	-	300,000	300,000	14,204	-	-	-	-	300,000	300,000	-	-
2017 SPS – tranche 3 (2020)	-	-	-	300,000	300,000	14,204	-	-	-	-	300,000	300,000	-	-
2017 SPS – tranche 4 (2021)	-	-	-	300,000	-	14,204	-	-	-	-	300,000	300,000	-	-
2017 SPS – tranche 5 (2022)	-	-	-	300,000	-	14,204	1,514	-	-	-	300,000	-	-	-
Werner Behrens														
2019 SPS – tranche 1 (2020)	-	(168,596)	-	-	-	6,154	-	-	-	-	-	-	-	-
2019 SPS – tranche 2 (2021)	-	(168,596)	-	-	-	6,154	-	-	-	-	-	-	-	-
2019 SPS – tranche 3 (2022)	-	(168,596)	-	-	-	6,154	-	-	-	-	-	-	-	-
2019 SPS – tranche 4 (2023)	-	(168,596)	-	-	-	6,154	-	-	-	-	-	-	-	-
2019 SPS – tranche 5 (2024)	-	(168,596)	-	-	-	6,154	-	-	-	-	-	-	-	-
Paul Osbourn														
2019 SPS – tranche 1 (2020)	-	(137,629)	-	-	-	5,023	-	-	-	-	-	-	-	-
2019 SPS – tranche 2 (2021)	-	(137,629)	-	-	-	5,023	-	-	-	-	-	-	-	-
2019 SPS – tranche 3 (2022)	-	(137,629)	-	-	-	5,023	-	-	-	-	-	-	-	-
2019 SPS – tranche 4 (2023)	-	(137,629)	-	-	-	5,023	-	-	-	-	-	-	-	-
2019 SPS – tranche 5 (2024)	-	(137,631)	-	-	-	5,023	-	-	-	-	-	-	-	-
TOTAL						126,905	1,514						-	-

Notes

- ¹ Includes net distributions received on participant's MAS SPS shares during the year. Distributions in respect of participants are first used to repay interest on the participant's loan account and any net proceeds are paid to the participant and included in net qualifying distributions.
- ² The portion of the award vesting within 12 months after year-end is calculated as follows: number of shares awarded multiplied by year-end volume weighted average price (VWAP), less the pro-rata balance of loan relating to the shares that vest in the relevant period. Estimated closing fair value is therefore nil for (a) participants that have joined the MAS SPS prior to 2020 as options are out-of-money at the end of each year, and (b) for participants that have joined the MAS SPS during 2021 financial year, as no awards vest within 12 months after year-end.
- ³ Werner Behrens and Paul Osbourn were invited to join the MAS SPS in June 2019, with 842,980 and 688,147 shares awarded respectively. These share awards related to the recruitment of both individuals and were not performance related. Pursuant to their resignations from MAS' Board, the shares awarded have been forfeited in repayment of the loan advanced to them by MAS in terms of the MAS SPS. Accordingly, 1,531,127 MAS shares have been delisted and cancelled during the 2020 financial year.
- ⁴ Irina Grigore and Dan Petrisor were invited to join the MAS SPS starting September 2020 and during the financial year they were awarded and accepted 642,339 shares (Irina Grigore) and 283,448 shares (Dan Petrisor), respectively. These figures do not include shares awarded and accepted after the financial year end, 1,098,450 shares (Irina Grigore) and 174,823 shares (Dan Petrisor), respectively, on 1 September 2021.

2021 Long-Term Incentives (LTI) - Single Figure of Remuneration

Executive Director		Base salary	Fees	Actual Other benefits ¹	Qualifying distributions ²	Other ³	Estimated ⁷ LTI reflected ^{8,9}	Total single figure of remuneration
		€	€	€	€	€	€	€
Martin Slabbert ⁵	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Victor Semionov ⁵	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Irina Grigore ⁶	2021	45,947	-	-	-	-	-	45,947
	2020	-	-	-	-	-	-	-
Dan Petrisor ⁶	2021	73,342	-	-	-	-	-	73,342
	2020	-	-	-	-	-	-	-
Werner Behrens	2021	-	-	-	-	-	-	-
	2020	214,418	-	2,411	-	240,746	-	457,575
Paul Osbourn	2021	-	-	-	-	-	-	-
	2020	251,625	-	2,989	-	189,736	-	444,350
Jonathan Knight ⁴	2021	180,335	-	-	-	11,958	-	192,293
	2020	234,034	-	-	28,408	-	-	262,442

Notes

¹ The other benefits provided to Paul Osbourn and Werner Behrens for 2020 relate to pension contributions.

² Net distributions relating to each participant's MAS SPS shares received during 2020 financial year are only included in qualifying distributions for 2020 respectively up to, and including, the year in which the underlying shares are recognised in the single figure table. No distributions were paid during the 2021 financial year.

³ Amounts for the 2020 financial year for Werner Behrens and Paul Osbourn relate to their resignations. Short-term incentive for Jonathan Knight reflects amounts approved prior to November 2019.

⁴ The figure in relation to Jonathan Knight relates to his services provided to MAS Real Estate Inc for which he received a salary of €103,308 (2020: €68,937) plus €163,575 (2020: €165,097) which was paid to Corona Real Estate Partners Limited in relation to services provided to MAS Real Estate Inc by Corona Real Estate Partners Limited under a services agreement, of which Jonathan's fee was €77,027.

⁵ Executive Directors Martin Slabbert and Victor Semionov are not receiving remuneration for the three-year lock-in period from the date of the Transaction between MAS and Prime Kapital.

⁶ Remuneration for Irina Grigore relates to the period from 24 February 2021 when she was appointed CFO and remuneration for Dan Petrisor reflects his twelve-month fixed compensation for the period. No value was reflected in respect of the MAS SPS in respect of participants that have joined MAS SPS in 2021, as no awards vest within the twelve months following 30 June 2021.

⁷ Variable compensation which may differ to the amount disclosed when received by the Executive Director. The actual award received will be included in the schedule of unvested awards and cash flow on settlement in future periods.

⁸ The 4th tranche of the MAS SPS award made 9 March 2017, vesting 9 March 2021, has been included in the 2020 single figure of remuneration. The value is based on the 5-day VWAP of €0.6761 on 30 June 2020 and the outstanding balance of the loan relating to the 4th tranche on 30 June 2020.

⁹ The 5th tranche of the MAS SPS award made 9 March 2017, vesting 9 March 2022, has been included in the 2021 single figure of remuneration. The value is based on the 5-day VWAP of €1.0489 on 30 June 2021 and the outstanding balance of the loan relating to the 5th tranche on 30 June 2021.

Executive Directors and Non-Executive Directors fees in terms of IFRS for the year ended 30 June 2021 are disclosed in 'Note 26' in the consolidated annual financial statements.

Shareholding disclosures

30 June 2021	Direct	Indirect	Associate	Total
Martin Slabbert	-	14,287,550	303,458 ^{1*}	14,591,008*
Victor Semionov ⁴	-	1,462,037	*	1,462,037*
Irina Grigore ³	-	642,339	-	642,339
Malcolm Levy	11,633	-	1,568,928 ¹	1,580,561
Pierre Goosen	-	-	104,815 ¹	104,815
Werner Alberts	-	-	-	-
Melt Hamman	-	11,600 ²	990 ¹	12,590
Claudia Pendred	-	-	-	-
Brett Nagle	63,470	-	86,675 ¹	150,145
Vasile Iuga	-	-	-	-
Dan Pascariu	-	-	-	-
Jonathan Knight ⁶	674,575	1,500,000	-	2,174,575
Dan Petrisor ⁵	-	283,448	-	283,448
	749,678	18,186,974	2,064,866*	21,001,518*

¹ Non-beneficial to Director² Family trust³ Appointed CFO and Executive Director 24 February 2021 and also appointed Deputy CEO 26 August 2021⁴ Stepped down from the Board as CFO 24 February 2021 and as Executive Director 26 August 2021⁵ Appointed Executive Director 26 August 2021 (no longer Alternate Director)⁶ Alternate Director resigned with effect from 26 August 2021

* PKM Development Limited is an associate of Martin Slabbert and Victor Semionov via Prime Kapital which holds 60% of the ordinary shares in the DJV. Martin and Victor are the founders of, and have indirect beneficial interests in, Prime Kapital. PKM Development Limited holds 70,998,476 shares, and Prime Kapital holds 60,650,000 shares in MAS. Prime Kapital and associates (including shareholdings of DJV, Martin Slabbert, Victor Semionov and other associates) hold 142,831,059 MAS shares, representing 21.6% of MAS' ordinary shares.

30 June 2020	Direct	Indirect	Associate	Total
Martin Slabbert	-	3,793,900	*	3,793,900*
Victor Semionov	-	1,462,037	*	1,462,037*
Malcolm Levy	11,633	-	1,568,928 ¹	1,580,561
Pierre Goosen	-	-	104,815 ¹	104,815
Werner Alberts	-	-	-	-
Melt Hamman	-	11,600 ²	990 ¹	12,590
Claudia Pendred	-	-	-	-
Brett Nagle	-	-	86,675 ¹	86,675
Vasile Iuga	-	-	-	-
Dan Pascariu	-	-	-	-
Jonathan Knight ³	674,575	1,500,000	-	2,174,575
Dan Petrisor ³	-	-	-	-
	686,208	6,767,537	1,761,408*	9,215,153*

¹ Non-beneficial to Director² Family trust³ Alternate Directors as of 28 February 2020

* PKM Development Limited is an associate of Martin Slabbert and Victor Semionov via Prime Kapital, which holds 60% of the ordinary shares in the DJV. Martin and Victor are the founders of, and have indirect beneficial interests in, Prime Kapital. PKM Development Limited holds 29,993,638 MAS shares, and Prime Kapital holds 60,650,000 MAS shares.

Nomination

Roles and responsibilities

The Committee is responsible for the below roles and responsibilities, as set out in its Terms of Reference.

- ensuring a formal and transparent process when identifying and appointing Directors;
- regularly reviewing the Board's size and composition, including skills, knowledge, experience and diversity, taking into account the challenges and opportunities facing, or likely to face, the Company;
- identifying and nominating suitable Board members, as and when vacancies arise;
- performing reference and background checks on candidates prior to nomination;
- overseeing the development of a formal induction program for new Directors;
- ensuring relevant Directors are developed through a mentorship programme;
- overseeing the development and implementation of a continuous professional development programme for Directors;
- ensuring Directors receive regular briefings on changes in risks, legislation and the environment in regions where MAS operates;
- annually assessing the independence of Independent Non-Executive Directors to ensure they have not been compromised, or prejudiced, in any way;
- considering Directors' performance and proposing individuals for re-election or termination as required;
- ensuring Board members have a formal letter of appointment, which clearly sets out what is expected regarding commitment and responsibilities, and
- ensuring formal succession plans for Board members, CEO and senior management appointments are in place and implemented.

Purpose

The Committee assesses and ensures that the Board's composition, skills, knowledge, and diversity are appropriate to the challenges and opportunities facing MAS.

Changes to the Board and succession

The terms of the Transaction entered with Prime Kapital during November 2019, included a three-year mandate for the appointed executives to oversee the repositioning of the business, a commitment to ensure that MAS builds and sustainably retains the ability to manage its income-generating investment properties in CEE without reliance on third parties and to strengthen its capacity to manage and grow Central and Eastern European investments. It was intended that Martin Slabbert and Victor Semionov would step down when the transition to CEE was complete, and, given their pre-existing interest in Prime Kapital and MAS' pre-existing and ongoing business relationship with Prime Kapital via the DJV, returning full-time to Prime Kapital.

Since November 2019, notable and rapid progress has been made with the repositioning of the business to CEE. The Board has had the opportunity to work closely with impressive management candidates, and, on 24 February 2021, appointed Irina Grigore as CFO and Executive Director of MAS replacing Victor Semionov who remained an Executive Director of MAS.

Subsequent to year end, as announced on 26 August 2021, Victor Semionov stepped down from the Board, and was replaced by Dan Petrisor who was appointed Executive Director (and, hence, is no longer an Alternate Director).

On the same date, the Board appointed Irina Grigore (CFO) to the position of Deputy CEO. Martin Slabbert will remain CEO for the time being and will step down as an Executive Director of MAS after the appointment of a Deputy CFO, and leaving adequate time for Irina to hand over to the new CFO prior to assuming the CEO role. Jonathan Knight stepped down as Alternate Director.

Following the above changes to the Executive Directors, and the change in status of Melt Hamman to Independent Non-Executive Director, MAS' Board comprises eight Non-Executive Directors, of whom seven are independent, and three Executive Directors, of whom two have no affiliation to, or interest in, Prime Kapital.

Werner Alberts was Interim Chairman following the Transaction with Prime Kapital in November 2019. Werner was originally appointed to the Board in September 2018 and was Lead Independent Director prior to being appointed Interim Chairman. On 26 August 2021, Werner was appointed (permanent) Chairman of the Board. Claudia Pendred, who joined the Board in December 2019, and has served on the Audit and Risk Committee since then, was appointed Lead Independent Director.

The Committee is satisfied with the Board's performance, skills and competence and recommended for approval all the aforementioned changes to the Board.

Independence of Directors

The interests of Independent Non-Executive Directors are monitored to ensure independence is not compromised, and a review, based on King IV, ensures continued independence. The Committee is satisfied that the Independent Non-Executive Directors remain independent, in both character and judgement, and comply with the independence requirements of King IV.

Conflicts of interest

Directors adhere to the Conflicts of Interest Policy, which is reviewed and approved annually, and requires each Director to submit a declaration of financial, economic and other interests, which may affect objectivity, and must be altered when such interests change.

Appointment terms

All Non-Executive Directors are provided with a letter of appointment detailing the terms of their assignment and expected commitment. Directors are not appointed for a fixed term, and one third of the Non-Executive Directors, on a rotating basis, are required to retire each year and may propose themselves for re-election.

An Independent Non-Executive Director holding office for nine-years or more is subject to an independence assessment by the Committee, following which any reappointment can be recommended on a rolling one-year basis.

All Directors are expected to attend Board meetings, in addition to attendance at relevant Committee meetings. The Board Charter and letter of appointment permits Directors to obtain independent advice in connection with their duties and MAS has Directors' and officers' liability insurance which covers the appointment's full term.

Directors' re-election

One third of the Non-Executive Directors retire by rotation at the Annual General Meeting.

The Committee recommends Melt Hamman and Malcolm Levy for re-election.

Developing people at MAS

The Board recognises the importance of personal development and augments the Board's skill set on an ongoing basis. This is particularly relevant for succession planning for senior roles. Directors are also encouraged to enhance and develop skills, and are supported throughout this process.

Priorities for the year ahead

Over the next year, the Committee will continue to review and assess the implementation of the Compensation Policy and once the Company had been redomiciled to Malta, the Committee will revisit the Non-Executive Directors' fees for appropriateness. The Committee will continue to focus on the induction and integration of new Board members.

Considerations of the Committee

This report has been prepared in accordance with the JSE Listings Requirements, King IV and other applicable regulation. The Committee is satisfied that the independence and objectivity of members has not been compromised in any way and that it has discharged its responsibilities during this period.

— Dan Pascariu

CHAIR, REMUNERATION AND
NOMINATION COMMITTEE



Rendering: Avalon Estate

Report of the Environmental, Social and Ethics Committee



MALCOLM LEVY

Environmental, Social and Ethics Committee Chair (Non-Executive Director)

OTHER MEMBERS



Claudia Pendred
Independent
Non-Executive Director



Werner Alberts*
Independent
Non-Executive Director

* Werner Alberts has been replaced on the Environmental, Social and Ethics Committee by Melt Hamman on 26 August 2021. Melt Hamman was classified as Independent Non-Executive Director following the annual assessment of the independence of Non-Executive Directors.

As Chair of the Environmental, Social and Ethics Committee (ESEC or Committee) I am pleased to present the Committee's report for the year ending 30 June 2021. This document provides an overview of Committee governance, its responsibilities and whether it has discharged its duties in accordance with its terms of reference.

Key focus

The Committee's key function is to be MAS' social conscience and ensure it is a responsible corporate citizen. This includes sustainability, environmental impact, stakeholder relationships, interaction with and impact on communities, the treatment of and investment in staff members, health and safety and an ethical corporate culture. The Committee sets the sustainability policies, monitors their implementation and oversees the social and environmental impact of the Group's activities.

Composition

The Environmental, Social and Ethics Committee:

- consists of at least three Directors;
- is chaired by a Non-Executive Director, who is not the Chairman of the Board, and
- includes members sufficiently knowledgeable about the Company's affairs, who have the relevant qualifications and experience to carry out their duties effectively.

The Committee performs a self-assessment every two years and is satisfied it has fulfilled its prescribed duties, that members acted independently and collectively had the requisite qualifications and experience.

The Committee meets at least annually.

During the financial year, one fully attended, formal meeting was convened in June 2021. This meeting focused on:

- discussing with management the approach to sustainability and related initiatives;

- discussing with management and reviewing the appropriateness of investor relations engagements;
- discussing with management the appropriateness of health and safety procedures and actions;
- reviewing the King IV Application Register for 2021;
- reviewing and approving updated policies;
- reviewing and approving updated Codes of Ethics and Conduct for staff, suppliers and Directors;
- reviewing and considering recommending to the Board the approval of the Environmental, Social and Ethics Committee's terms of reference, and
- reviewing and ratifying the updated Insider List Register, Conflicts of Interest Register and Directors' Declarations of Interest.

Responsibilities

The Committee's responsibilities include:

- monitoring and reporting on the Group's ethics, responsible corporate citizenship, sustainable development, stakeholder relationships and altering the governance framework to address these matters;
- assisting the Board in monitoring and implementing an ongoing ethical culture;
- reviewing compliance with applicable legislation and adopting non-binding rules, codes and standards which support ethical behaviour;

- making recommendations concerning compliance with all relevant laws and regulations, including the King IV Code, and the JSE Listings Requirements, which relate to the Company's corporate governance framework;
- reviewing and recommending changes to policies and procedures related to MAS' corporate culture;
- reviewing documentation addressing conflicts of interest, Director's declarations of interests and insider lists maintained by Company Secretary, to ensure all registers are regularly reviewed, updated and confirmed;
- reviewing, updating and approving any policy, or statement, proposed from time-to-time by the Board to the Committee for approval;
- considering if health and safety procedures ensure the safety of staff, tenants, suppliers and the public;
- reviewing whistleblowing policy and monitoring reports of fraud, bribery and improper behaviour;
- reviewing fraud detection procedures, and
- reviewing the relevance and security of procedures enabling staff members and Directors to raise confidential concerns about possible malpractice in financial reporting or other matters, including management reports on allegations/ investigations of fraud, bribery and other serious wrongdoing, and ensuring such measures facilitate proportionate and independent investigation and appropriate resolution.

King IV compliance

The Company adopted and implemented King IV in 2018, bringing business processes and standards in line with those principles. The Committee appraised the King IV Application Register (available on Company website) and recommended its approval to the Board.

Establishing and maintaining an ethical culture

The core values articulated in King IV emphasise an ethical leadership and culture, good corporate citizenship and high behavioural standards for the Board, staff and suppliers, and are detailed in the relevant Codes of Conduct. The Committee oversees these and recommends any necessary changes ensuring a strong ethical culture.

Sustainability in development and responsible management

Aware of its social, economic and environmental impact, MAS has implemented key initiatives across assets it operates, including sustainable design, utilising green energy and extensive community engagement (detailed in 'Environmental and Social').

Acting with integrity is a core value, therefore ethical sourcing and practices are fundamental.

Health and safety

There was a continued focus on health and safety procedures in response to Covid-19 ensuring the safety of members of staff, tenants, suppliers and the public during the pandemic.

Responsible corporate citizenship

Management informs the Committee on initiatives undertaken, as well as the progress of ongoing matters.

Stakeholder relationships

Communication with stakeholders is fundamental to the Group's success. Investors' and other stakeholders' perception of overall governance is important and the Committee ensures engagement with them and that third-party analysis is undertaken.

During the financial year the Group appointed an Investor Relations consultant whose main role is to engage with shareholders and provide a dedicated channel of communication between them and the Group, as well as other investors and analysts, and individual journalists when necessary.

Joint Venture partners

Since its inception in 2016, the relationship with Prime Kapital, the Group's joint venture partner in CEE, has been underpinned by a strong alignment of interests with regard to pursuing the best possible regional investment and development opportunities. Conflicts of interest that arise due to this relationship are robustly managed by the Board of Directors and the Committee monitors that the Conflicts of Interest Register, Directors' Declaration of Interests Register and Insider List Register are maintained by the Company Secretary.

Members of staff

People are central to the business, and the Committee is aligned with senior management in creating shareholder value. Staff are encouraged to further develop, improve and learn.

The Committee reviews and recommends the appropriate policies in respect of staff members, to ensure business targets are met. In addition to the members of staff Code of Ethics and Conduct, Group policies set out expected standards of performance and behaviour, and a periodic review of each is undertaken to ensure relevance.

Tenants, suppliers and third parties

Positive tenant relationships are fundamental to achieving long-term shareholder value. The Company has strong, direct communication with all tenants.

This open dialogue enables the Group to capitalise on value-add opportunities, such as tenant relocations within centres, lease prolongations and implementation of asset management initiatives. Interactions with suppliers and other third parties are based upon the minimum standard of conduct expected, regardless of jurisdiction or local practice and the Company ensures that engagements adhere to the Code of Conduct.

Compliance

The Committee ensures that the business is aware of, and complies with, its obligations under applicable legislation and regulations. It monitors compliance and reviews the corporate governance framework annually.

Whistleblowing

There were no instances of whistleblowing during the financial year or to the date of this report.

Priorities for the next year

The Committee's key targets for the following year are:

- continue to foster an ethical culture and ensure the Group's core values are adhered to throughout the organisation;
- overseeing the applicability of the Sustainability Framework, and
- further strengthen stakeholder communication and engagement.

Conclusion

The Committee is satisfied it has discharged its duties under its terms of reference from the Board.

— **Malcolm Levy**
CHAIR, ENVIRONMENTAL, SOCIAL
AND ETHICS COMMITTEE

Environmental and Social

MAS' approach to business is built on a foundational belief that in order to be successful, businesses must play a positive role in society. Therefore, assessment of investment decisions includes the short- and long-term economic, social and environmental impact on communities. MAS' strategy includes the consideration of the social and environmental impact of its operations and investments (Sustainability Factors).

MAS continuously monitors, improves, documents and evaluates the social and environmental impact of its activities.

Sustainability Factors	Main Drivers	
Environment	Optimisation of resource utilisation	Protection of biodiversity
Sustainable operations and developments	Climate risk management	Environmental building certifications
Community	Community engagement and commitment towards stakeholders	
Sustainable communities	Bringing value to local communities	
Organisation Probity	Ethics and integrity	Anti-corruption
Sustainable business integrity and governance	Direct communication	Confidentiality and privacy
	Judgement and consultation when making decisions	Health and safety
	Excellence in execution	Workforce inclusiveness and non-discrimination
	Conflicts of interest	Staff engagement and retention

In line with the Group strategy, MAS has implemented in conjunction with partner Prime Kapital, sustainability policies focused on Central and Eastern European properties. During the year, all income properties (directly and indirectly owned and operated) have undergone certification by independent third-party green certificate providers and received certificates issued by the Building Research Establishment Environmental Assessment Method (BREEAM) or Leadership in Energy and Environmental Design (LEED).



BREEAM® IN-USE: VERY GOOD



BREEAM® IN-USE: VERY GOOD



BREEAM® IN-USE: VERY GOOD



BREEAM® IN-USE: VERY GOOD



FOR CORE & SHELL: GOLD



BREEAM® IN-USE: VERY GOOD



100% of GLA CERTIFIED BUILDINGS











	Certification	Year
EM-Nova Park	BREEAM: Very Good	2021
EM-Galleria Burgas	LEED: Gold	2012
EM-Dambovită Mall	BREEAM: Very Good	2021
EM-Atrium Mall	BREEAM: Very Good	2021
EM-Galleria Stara Zagora	BREEAM: Very Good	2021
OM-Militari Shopping	BREEAM: Very Good	2021
OM-DN1 Value Centre	BREEAM: Very Good	2021
OM-Mall Moldova – phase I	BREEAM: Very Good	2021
OM-Roman Value Centre	BREEAM: Very Good	2021
OM-Baia Mare Value Centre	BREEAM: Very Good	2021
OM-Zalău Value Centre	BREEAM: Very Good	2021
OM-Sepsi Value Centre	BREEAM: Very Good	2021
SM-Focsani	BREEAM: Very Good	2021
SM-Slobozia	BREEAM: Good	2021
SM-Ramnicu Sarat	BREEAM: Very Good	2021
SM-Sebes	BREEAM: Very Good	2021
SM-Targu Secuiesc	BREEAM: Very Good	2021
SM-Fagaras	BREEAM: Good	2021
SM-Gheorgheni	BREEAM: Very Good	2021



Sustainability factors and drivers

MAS, as a member of the European Public Real Estate Association (EPRA), aims to further enhance transparency in its sustainability metrics by adhering, where appropriate, to EPRA's Sustainability Best Practices Recommendations (sBPR) and the Global Reporting Initiative Standards (GRI Standards).

In line with best practice, MAS' sustainability framework is aligned with the United Nation Sustainable Development Goals (UN SDG), as defined by Transforming our World: the 2030 Agenda for Sustainable Development (2030 Agenda), as is presented in the table below.

Applicable UN SDG	Description	Sustainability factors
 3 GOOD HEALTH AND WELL-BEING	Goal 3: Ensure healthy lives and promote well-being for everyone at all ages.	Community Organisation Probity
 4 QUALITY EDUCATION	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Community Organisation Probity
 6 CLEAN WATER AND SANITATION	Goal 6: Ensure availability and sustainable management of water and sanitation for all.	Environment Organisation Probity
 7 AFFORDABLE AND CLEAN ENERGY	Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.	Environment Organisation Probity
 8 DECENT WORK AND ECONOMIC GROWTH	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Community Organisation Probity
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	Community Environment Organisation Probity
 11 SUSTAINABLE CITIES AND COMMUNITIES	Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.	Community Environment Organisation Probity
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Goal 12: Ensure sustainable consumption and production patterns.	Community Environment Organisation Probity
 13 CLIMATE ACTION	Goal 13: Take urgent action to combat climate change and its impacts.	Community Environment
 15 LIFE ON LAND	Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.	Community Environment

Green funding

During 2021, as part of the broader sustainability strategy, the Group has established Green Financing Framework (the 'Framework') with the objective of creating a single, robust methodology integrating Group's sustainability targets and financing and refinancing Group's green eligible projects. This Framework utilises the following key pillars: use of proceeds from green financing instruments; process for project evaluation and selection; management of proceeds; reporting and external review. The Framework is aligned with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020, and was subject to a second party evaluation by Sustainalytics. The Framework and second party opinion are available on MAS' website.

Environment

Sustainable operations and developments

Key Consumption Figures*



56%

Share of renewable energy from energy consumption



80%

Increase in share of renewable energy



17%

Increase in gas consumption**



31%

Decline in CO₂ emissions



17%

Decrease in water consumption



25%

Recycled waste from total waste generated

OPTIMISATION OF RESOURCE UTILISATION

Operations

Resource utilisation is measured throughout operations, especially energy, gas and water consumption and intensities, in an active effort to manage and decrease unnecessary use.

MAS aims to continuously reduce resource consumption by implementing energy saving measures. Energy efficiency is driven by properties' operations and management, and by tenant behaviour. To monitor and optimise energy, gas and water consumption, MAS utilises Building Management Systems (BMS).

The Group implements across all properties it operates energy-efficient solutions and when these are refurbished, specific measures are considered for optimising resource utilisation and minimisation of carbon footprint.

For example, over 70% of operational assets are fully equipped with LED lighting technology, with implementation in the remaining properties in planning.

Development

Prime Kapital, the Group's development partner, employs a significant amount of planning to the design and execution of the buildings developed or refurbished in recognition of high quality work and a development's impact on health and well-being. Residential and commercial properties must not only be safe and secure, but also promote mental and physical well-being for residents and visitors.



Photo: Galleria Stara Zagora

* The period over which key consumption figures have been measured is 30 June 2021 in comparison with 30 June 2020.

** The increase in gas consumption is mostly due to Covid-19 safety measures, as the amount of fresh air (compared to recycled air) was increased in retail centres, which resulted in a higher gas consumption, necessary for heating the additional fresh air supply.



Photo: Dambovită Mall

Energy management

Electricity

The Group's largest environmental impact is caused by its energy consumption with greenhouse gas (GHG) emissions (converted into CO₂ equivalent) generated due to electricity consumption representing 85% of total carbon emissions for the 2021 financial year (2020: 90%). Given the amount of electricity used, reducing the carbon footprint requires the dedicated engagement of tenants, as well as efforts to improve energy efficiency and transition to renewable energy sources. Consequently, the Company is continuously working to optimise energy consumption, and has increased the use of renewable energy by 80%, which is the major driver behind the 31% reduction in carbon footprint, compared to the previous financial year.

Total electricity consumption decreased by 3%, although this figure is to some extent influenced by lockdowns and resumption of activities at a lower level compared to pre-pandemic levels.

Table below presents energy consumption in megawatt-hour (MWh) of CEE's and DJV's operational properties, for the 2021 financial year compared to prior financial year, as well as the use of renewable energy. Energy consumption is measured for common areas, tenants' and administrative units.

Energy consumption (MWh)

	Location	Type	Year ended 30 June 2021		Year ended 30 June 2020		% 2021 vs. 2020	
			Consumption (MWh)	Share of renewable	Consumption (MWh)	Share of renewable	Consumption (MWh)	Share of renewable
Total			53,021	56%	54,516	31%	-3%	80%
Enclosed malls			30,119	59%	32,979	24%	-9%	149%
Nova Park	PL, Gorzow	Regional	7,234	20%	7,761	19%	-7%	3%
Galleria Burgas	BG, Burgas	Regional	8,805	81%	10,070	24%	-13%	244%
Atrium Mall	RO, Arad	Regional	7,170	51%	7,579	29%	-5%	77%
Galleria Stara Zagora	BG, Stara Zagora	Regional	6,910	81%	7,569	24%	-9%	244%
Open-air malls			18,818	51%	17,872	42%	5%	21%
Militari Shopping	RO, Bucharest	Regional	6,600	51%	6,665	42%	-1%	23%
Roman Value Centre	RO, Roman	Community	3,224	51%	2,778	42%	16%	23%
Baia Mare Value Centre	RO, Baia Mare	Community	2,261	51%	2,053	42%	10%	23%
DN1 Value Centre	RO, Balotesti	Community	2,010	51%	1,753	45%	15%	14%
Mall Moldova - phase I	RO, Iasi	Regional	2,861	51%	2,900	42%	-1%	23%
Zalau Value Centre	RO, Zalau	Community	1,862	51%	1,723	45%	8%	14%
Strip malls			4,084	51%	3,665	42%	11%	23%
Focsani Value Centre	RO, Focsani	Convenience	1,152	51%	1,084	42%	6%	23%
Slobozia Value Centre	RO, Slobozia	Convenience	943	51%	774	42%	22%	23%
Ramnicu Sarat Value Centre	RO, Ramnicu Sarat	Convenience	549	51%	485	42%	13%	23%
Sebes Value Centre	RO, Sebes	Convenience	424	51%	404	42%	5%	23%
Targu Secuiesc Value Centre	RO, Targu Secuiesc	Convenience	408	51%	346	42%	18%	23%
Fagaras Value Centre	RO, Fagaras	Convenience	421	51%	407	42%	3%	23%
Gheorgheni Value Centre	RO, Gheorgheni	Convenience	187	51%	165	42%	13%	23%

Consumption for CEE and DJV income properties is presented on a LFL basis. For Zalau Value Centre and DN1 Value Centre, as these opened during the 2020 financial year, LFL figures are limited to the periods during which the centres were operational in both years. Dambovită Mall and Sepsi Value Centre are not included in the table above, as these opened on 20 August 2020 and 18 March 2021, respectively.

Gas

The implementation of public health measures to combat Covid-19 included, amongst others, increasing the amount of fresh air as opposed to recycled air within shopping centres, which, combined with prevalent weather conditions, contributed to a 17% increase in natural gas consumption during the 2021 financial year as compared to the previous year. At Nova Park (Poland) and strip malls in Romania, the Group used alternative heating systems, hence not included in the table below.

Table below presents gas consumption in megawatt-hour of CEE's and DJV's operational properties, for the 2021 financial year compared to prior financial year. Gas consumption is measured for common areas, tenants' and administrative units.

Gas consumption (MWh)

	Location	Type	Year ended 30 June 2021 Consumption (MWh)	Year ended 30 June 2020 Consumption (MWh)	2021 vs. 2020 %
Total			11,493	9,782	17%
Enclosed malls			5,157	3,799	36%
Galleria Burgas	BG, Burgas	Regional	1,810	1,563	16%
Atrium Mall	RO, Arad	Regional	2,284	1,385	65%
Galleria Stara Zagora	BG, Stara Zagora	Regional	1,063	851	25%
Open-air malls			6,336	5,983	6%
Militari Shopping	RO, Bucharest	Regional	1,622	1,517	7%
Roman Value Centre	RO, Roman	Community	387	161	140%
Baia Mare Value Centre	RO, Baia Mare	Community	751	719	4%
DN1 Value Centre	RO, Balotesti	Community	773	943	-18%
Mall Moldova – phase I	RO, Iasi	Regional	2,310	1,560	48%
Zalau Value Centre	RO, Zalau	Community	493	1,083	-54%

Consumption for CEE and DJV income properties is presented on a LFL basis. For Zalau Value Centre and DN1 Value Centre, as these opened during the 2020 financial year, LFL figures are limited to the periods during which the centres were operational in both years. Dambovită Mall and Sepsî Value Centre are not included in the table above, as these opened on 20 August 2020 and 18 March 2021, respectively.

Carbon emissions management

MAS uses best practices to manage and optimise the direct and indirect impact of its activities on carbon emissions. MAS has defined and categorised the types of carbon emissions generated by its activities on the basis set out in Greenhouse Gas (GHG) Corporate Standards Protocol, which provides requirements and guidance for companies and other organisations to measure and report emissions from purchased or acquired electricity, steam, heat, and cooling, set out below.

Direct

- Emissions stemming from natural gas combustion used for heating and cooling

Indirect

- Emissions linked to electricity consumption in communal areas
- Emissions stemming from cold or hot steam consumption

Other

- Tenant utilities (not included in Direct or Indirect)
- Emissions from on-site waste management and water supply



Photo: Galleria Stara Zagora

Table below presents carbon emissions in tonnes for CEE's and DJV's operational properties, for the 2021 financial year compared to prior financial year, both in total and on a LFL basis.

Carbon emissions (tonne)

	Year ended 30 June 2021				Year ended 30 June 2020				Total	LFL*
	Direct	Indirect	Other	Total	Direct	Indirect	Other	Total	2021 vs. 2020	2021 vs. 2020
Total	925	4,649	12,248	17,822	875	7,054	17,947	25,877	-31%	-29%
Enclosed malls	724	3,977	6,749	11,450	541	5,729	9,866	16,137	-29%	-25%
Nova Park	-	2,361	3,878	6,239	-	2,233	4,673	6,906	-10%	5%
Galleria Burgas	328	515	1,048	1,891	280	1,638	2,878	4,796	-61%	-64%
Atrium Mall**	225	516	1,214	1,955	134	181	593	908	115%	96%
Galleria Stara Zagora	171	585	609	1,365	127	1,677	1,722	3,526	-61%	-66%
Open-air malls	201	592	4,743	5,536	334	1,153	7,041	8,529	-35%	-37%
Militari Shopping	44	134	1,702	1,880	116	283	2,487	2,887	-35%	-35%
Roman Value Centre	8	94	704	806	-	110	955	1,064	-24%	-26%
Baia Mare Value Centre	32	73	543	648	37	131	750	918	-29%	-30%
DN1 Value Centre	29	74	493	596	46	165	774	985	-39%	-44%
Mall Moldova - phase I	88	125	886	1,099	31	328	1,316	1,675	-34%	-34%
Zalau Value Centre	-	92	415	507	104	136	759	1,000	-49%	-53%
Strip malls	-	80	756	836	-	126	1,040	1,212	-31%	-39%
Focsani	-	11	225	236	-	23	315	359	-34%	-39%
Slobozia	-	18	175	193	-	30	227	257	-25%	-37%
Ramnicu Sarat	-	9	104	113	-	11	148	159	-29%	-38%
Sebes	-	11	76	87	-	18	110	135	-36%	-45%
Targu Secuiesc	-	13	70	83	-	16	90	113	-27%	-36%
Fagaras	-	12	74	86	-	18	109	135	-36%	-44%
Gheorgheni	-	6	32	38	-	10	41	54	-30%	-35%

* Figures adjusted to exclude Covid-19 lockdown impact and reflect the estimates of CO₂ emissions based on occupied GLA on a LFL basis.

** The increase in emissions at Atrium Mall was due to a change in the energy supplier, from nuclear to renewable.

Consumption for CEE and DJV income properties is presented on a LFL basis. For Zalau Value Centre and DN1 Value Centre, as these opened during the 2020 financial year, LFL figures are limited to the periods during which the centres were operational in both years. Dambovitza Mall and Sepsi Value Centre are not included in the table above, as these opened on 20 August 2020 and 18 March 2021, respectively.

During the financial year ended 30 June 2021, carbon emissions reduced by 31% (29% LFL) compared to the previous year. The increased use of renewable energy is a major factor in this reduction. Since the second quarter of the 2021 financial year, all of the electricity usage in Bulgaria is from renewable sources.

The country overview presented in the table below shows that the largest reductions in GHG emissions occurred in Bulgaria. Improvements were made in respect of properties in Romania and Poland.

Tables below presents carbon emissions in tonnes and kg CO₂ per GLA, by country, for the 2021 financial year compared to prior financial year.

Carbon emissions by country (tonne)

	Year ended 30 June 2021				Year ended 30 June 2020				%
	Direct	Indirect	Other	Total	Direct	Indirect	Other	Total	2021 vs. 2020
Total	925	4,649	12,248	17,822	875	7,054	17,947	25,876	-31%
Poland	-	2,361	3,878	6,239	-	2,233	4,673	6,906	-10%
Bulgaria	499	1,100	1,657	3,256	407	3,315	4,600	8,323	-61%
Romania	426	1,188	6,713	8,327	468	1,506	8,674	10,648	-22%

Carbon emissions intensity (kg CO₂ per GLA)

	Year ended 30 June 2021				Year ended 30 June 2020				%
	Direct	Indirect	Other	Total	Direct	Indirect	Other	Total	2021 vs. 2020
Total	10	96	177	284	9	129	251	389	-27%
Poland	-	73	120	193	-	69	144	213	-10%
Bulgaria	8	18	27	54	7	55	76	138	-61%
Romania	2	5	30	37	2	5	31	38	-3%

Water management

MAS' resource efficiency policy and environmental best practices, as it relates to water management, ensure that usage is carefully measured and optimised. The Group is actively reducing the amount of water used through the use of technical equipment designed to increase efficiency and improved operational practices. This includes water extraction from aquifers to maintain green spaces, reducing usage from the public network. Overall, these practices contributed to a 17% decrease in water consumption in the 2021 financial year compared to the previous year.

Table below presents water consumption in m³ for operational properties.

Water consumption (m³)

	Year ended 30 June 2021 m ³	Year ended 30 June 2020 m ³	2021 vs. 2020 %
Total	222,688	267,282	-17%
Enclosed malls	85,003	115,430	-26%
Nova Park	15,510	18,768	-17%
Galleria Burgas	36,872	50,261	-27%
Atrium Mall	20,620	25,687	-20%
Galleria Stara Zagora	12,001	20,714	-42%
Open-air malls	132,013	145,417	9%
Militari Shopping	44,548	42,809	4%
Roman Value Centre	22,276	21,554	3%
Baia Mare Value Centre	11,751	13,069	-10%
DN1 Value Centre	7,682	15,282	-50%
Mall Moldova - phase I	36,207	39,946	-9%
Zalau Value Centre	9,549	12,757	-25%
Strip malls	5,672	6,435	-12%
Focsani	1,820	2,211	-18%
Slobozia	1,673	1,741	-4%
Ramnicu Sarat	963	902	7%
Sebes	344	363	-5%
Targu Secuiesc	574	915	-37%
Fagaras	156	196	-20%
Gheorgheni	142	107	33%

Consumption for CEE and DJV income properties is presented on a LFL basis. For Zalau Value Centre and DN1 Value Centre, as these opened during the 2020 financial year, LFL figures are limited to the periods during which the centres were operational in both years. Dambovita Mall and Sepsi Value Centre are not included in the table above, as these opened on 20 August 2020 and 18 March 2021, respectively.

Waste management

The total volume of waste generated in assets operated by the Group decreased by 12% in the 2021 financial year. Even though total volumes generated are mostly dependant on tenants' activity, on which Company policy and practice have a limited influence, MAS is increasing efficiency by utilising recycling support equipment and promoting responsible waste management principles.

Waste generated (tonne)

	Year ended 30 June 2021 tonne	Year ended 30 June 2020 tonne	2021 vs. 2020 %
Total	2,333	2,665	-12%
Unrecycled waste	1,751	1,984	-12%
Household	1,412	1,662	-15%
Other (residuals, diesel fuels, oil)	338	322	5%
Recycled waste	582	681	-14%
Plastic waste	45	38	17%
Paper waste	537	642	-16%
Recycled % of total waste	25%	26%	-1%

Consumption for CEE and DJV income properties is presented on a LFL basis. For Zalau Value Centre and DN1 Value Centre, as these opened during the 2020 financial year, LFL figures are limited to the periods during which the centres were operational in both years. Dambovita Mall and Sepsi Value Centre are not included in the table above, as these opened on 20 August 2020 and 18 March 2021, respectively.

CLIMATE RISK MANAGEMENT

MAS supports the global objective as published in the 2015 Paris Agreement to limit average global warming to 2 degrees Celsius compared to pre-industrial levels, as well as reaching net-zero emissions by the second half of the 21st century.

In line with the Carbon Disclosure Project (CDP), a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts, a key element of effective climate risk management is raising corporate awareness through presentation and disclosure of main aspects related to climate change and associated risks.

Climate risks are one component of overall risk management, playing an important role in the Group's strategic initiatives and operational activities.

The Group acknowledges its environmental responsibility and is striving for a lower-carbon footprint by considering climate risks when defining objectives, and measuring performance.

To adapt to, and address climate change and to be fully transparent with stakeholders, MAS is in the process of considering recommendations from the Task Force on Climate Related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), on its sustainability strategy.

PROTECTION OF BIODIVERSITY

Construction may impact sensitive habitats and protected species, typically through habitat loss, wildlife corridor changes and noise pollution.

MAS, with partner Prime Kapital, maintains a close relationship with environmental authorities, ensuring that the impact of its activities on biodiversity is minimised or avoided altogether.

MAS closely monitors each property's flora, including surrounding area, and is committed to replacing any destroyed vegetation. A variety of plant species can be found on each property, carefully selected to suit the local ecosystem.

MAS has initiatives in place that are aimed at increasing environmental performance and conserving biodiversity, such as limiting excessive mowing, pruning branches outside bird mating season, installing breeding boxes for starlings and building insect houses.

In 2021, MAS organised events aimed at promoting a positive environmental impact:

- An Hour for the Earth (March 2021): Nova Park joined the campaign organised by the World Wide Fund for Nature (WWF), held under the slogan 'An hour for the Baltic Sea'. For an hour, the facade was not illuminated and passage lighting dimmed.
- Earth Day (April 2021): Nova Park's local team cleaned the banks of the river Warta adjacent to the shopping centre.
- Flower Seedlings for Customers (May 2021): Each purchase at Nova Park entitled the customer to a seedling. The flowers were sourced locally.
- The Secret Life of Bees (June 2021): An educational exhibition was organised featuring a huge bee, giant flowers, a bee garden, beekeeping accessories and detailed information about bees. Each relevant customer received seeds for plants that attract honeybees and children's gardening tools.

In June 2021, over 100 volunteers planted 70 trees at Mall Moldova, Iasi.

Since Roman Value Centre opened, approximately 8,200m² of water-efficient irrigated lawns have been constructed.

Biodiversity initiatives are being put in place at Prime Kapital's three residential projects:

- At Avalon Estate, 28,000m² of the 81,000m² complex is parkland with 150 trees creating a verdant oasis. In addition, the pool uses natural filtration.
- At Marmura Residence, eco-roofs covered in vegetation effectively counteract heat emanating from the asphalt and concrete. The surrounding area comprises a combination of parkland and mobile potted plants.
- The Silk District project includes an urban forest, and out of 40,000m² of Phase 2, over 3,900m² will be parkland.





Photo: DN1 Value Centre

ENVIRONMENTAL BUILDING CERTIFICATIONS

MAS uses BREEAM in-use and LEED certification for buildings' sustainability. BREEAM in-use certification covers both asset performance and building management, assessing data linked to health and wellbeing, energy, transport, water, materials, waste, land use and ecology, pollution and management. Galleria Bargas was awarded Gold for core and shell, as rated by the LEED Green Building Rating System.

The coverage of BREEAM in-use environmental certifications for CEE properties is presented below.

BREEAM in-use environmental certification - overall asset performance rating

2021	Certified assets	Certified GLA m ²	% of certified assets	% of certified GLA
Enclosed malls	4	114,500	22%	35%
Very Good	3	82,100	17%	25%
Excellent	1	34,400	5%	10%
Open-air malls	7	187,000	39%	57%
Very Good	7	187,000	39%	57%
Strip malls	7	27,800	39%	8%
Good	2	9,900	11%	3%
Very Good	5	17,900	28%	5%
Total	18	329,300	100%	100%

Nova Park is the first Polish shopping centre to receive BREEAM In-Use Excellent certification.

BREEAM in-use environmental certification - overall building management rating

2021	Certified assets	Certified GLA m ²	% of certified assets	% of certified GLA
Enclosed malls	4	114,500	22%	35%
Not certified*	1	31,200	5%	9%
Very Good	3	83,300	17%	26%
Open-air malls	7	187,000	39%	57%
Not certified*	1	16,900	6%	5%
Very Good	6	170,100	33%	52%
Strip malls	7	27,800	39%	8%
Good	6	26,400	33%	8%
Very Good	1	1,400	6%	0%
Total	18	329,300	100%	100%

* Building management has not been assessed for assets that have been in operation for less than twelve months (Dambovita Mall and Sepsi Value Centre).

Community

Sustainable communities

COMMUNITY ENGAGEMENT AND COMMITMENT TOWARDS STAKEHOLDERS

MAS openly engages with authorities and communities, and builds long-term relationships. All projects have a direct social impact on communities, create jobs during construction and operation, generate local tax revenues, and provide infrastructure.

As an example of community engagement, a network of drive-in and outdoor cinemas was designed, permitted and constructed in eight Central and Eastern European properties. This was the first local network of outdoor cinemas in Romania. The audience could enjoy the largest screens ever built in Romania (300m²) with free access and a wide variety of food and drinks. The initiative was embraced by local communities, with over 55,000 visitors per month attending events screening over one hundred movies.

BRING VALUE TO LOCAL COMMUNITIES

As a responsible corporate citizen, the Company creates long-term relationships with local communities through meaningful activities, and partners with tenants, authorities, schools, libraries, hospitals and other non-profit organisations to raise awareness of, and invest in inclusive, safe, resilient and sustainable communities.

Health and safety awareness

The advent of Covid-19 heralded a new focus on health and safety, and as a responsible landlord, the Group undertook numerous initiatives to ensure all centres were safe. Initiatives included installing thermometers and hand-sanitising stations, providing free disposable face masks for tenants and installing outdoor seating solutions in food courts, restaurants and cafes. In some communities, the Company implemented awareness campaigns stressing the importance of face mask usage.

Amongst other measures taken by the Group to combat the spread of Covid-19, all Central and Eastern European properties were equipped with EU digital Covid certificates scanners.



Humanitarian and public service campaigns

MAS is involved in various humanitarian campaigns and programmes promoting public service in local communities. One of such events was Donate Blood, Save Someone's Life held at Nova Park in February 2021 and organised in cooperation with the Lubuskie Centre for Blood Donation and Blood Treatment.

In response to the pandemic, the Group together with the Romanian Ministry of Health organised Drive Thru Vaccination Centres on several centre car parks, where over 21,000 community members had their Covid-19 vaccines. Additional vaccination campaigns are currently in place at several of the Group's centres, as a result of the most recent Covid-19 outbreak.

Education and culture awareness

MAS, in partnership with Prime Kapital, organises events promoting community education and culture. Each year the Group organises theatrical performances, concerts and fairs, highlighting local customs and traditions, including:

- educational events promoting extracurricular activities, such as music and dance classes, foreign language courses and sports clubs;
- children's chess tournaments, organised in partnership with local clubs, and
- workshops bringing parents together to discuss children's wellbeing.

Eco workshops and educational activities arranged in conjunction with National Geographic Kids magazine were held at Galleria Burgas and Galleria Stara Zagora, Bulgaria, with over 730 children and up to 1,800 visitors participating in daily quiz games about nature, animals and the environment.

Atrium Mall held exhibitions featuring reptiles, spiders and insects and promoted awareness of biodiversity by exhibiting the rarest species of reptiles and exotic fish.



Organisation Probity

Sustainable business integrity and governance

Organisation probity principles are integrated in the Group's daily operations and core staff values.

ETHICS AND INTEGRITY

Integrity, inclusiveness, non-discrimination and ethical behaviour is mandatory. The Code of Ethics and Conduct is annually reviewed and updated, to align it with best practices, demonstrating the Group's commitment to strong ethical values and human rights.

MAS does not tolerate unlawful or unethical behaviour by any person or entity associated with it. Internally, specific policies, for instance, the Code of Ethics and Conduct, Fraud Prevention, Anti-Bribery and Anti-Corruption policy, define staff members' rights, encourages them to respect the core staff values and act strictly in respect of the ethical conduct in business dealings. The Group respects the culture and tradition of the countries and markets where it operates and does not tolerate direct or indirect unfair discrimination against any person.

Exemplary standards of behaviour are expected when representing or acting as an agent on behalf of the Company. In addition to the Board and staff members, this applies to suppliers, joint-venture partners and consultants. Amendments continue to be made to third-party service agreements, ensuring that suppliers and their agents are fully aware of, and adhere to MAS' supplier's Code of Ethics and Conduct. The Group's procurement strategy promotes fairness, quality, long-term relationships, risk reduction, transparency and cost efficiency.

DIRECT COMMUNICATION

Honest and direct communication is expected at all times, at all levels, with no excuse for withholding information and a focus on early risk identification. Whistleblowing is considered a positive act, which may provide a valuable contribution to the Company's efficiency and long-term success. MAS is committed to fulfilling the highest ethical standards possible, and, in order to maintain them, freedom of expression is encouraged throughout the organisation.

JUDGEMENT AND CONSULTATION IN DECISION MAKING

All executives and staff members must exercise their informed judgement regarding appropriate risks and assess when consultation is necessary. Members of staff are encouraged to be objective, creative and open-minded when making optimal decisions or forming valuable opinions.

EXCELLENCE IN EXECUTION

MAS is committed to excellence in all areas of execution. The Group has an established strong team with extensive knowledge and experience across its markets. The partnership with Prime Kapital also provides access to a team of highly experienced real estate development professionals with an exceptional track record, combining a multi-disciplinary skill-base integrated along the property value-creation chain.

CONFLICTS OF INTEREST

The Group is built on relationships, which are built on trust. Identification and reporting of all actual, potential or perceived personal conflicts of interest are mandatory. The Conflicts of Interest Policy is reviewed and approved annually, and aims to outline what may constitute a conflict of interest within the Group, how any conflicts of interest are reported and recorded, and what steps may be taken to remove, manage or mitigate such conflicts.

ANTI-BRIBERY AND ANTI-CORRUPTION

There is a policy of zero tolerance for bribery or acts of corruption. MAS supports international efforts to prevent (a) money laundering and (b) the financing of terrorist activities. To this end, the Group implemented internal processes, including 'know your customer' principles, to obtain reliable information about the identity and operation of all its clients, suppliers and staff members.

The Group is committed to monitoring the International Sanctions Lists and will not directly or indirectly, support or facilitate, or otherwise become involved with, any person, government, entity or project listed on, acting for or on behalf of, or owned or controlled by any persons identified in the relevant lists.

MAS is committed to preventing fraud and corruption from occurring and to developing an anti-fraud culture. Management remains vigilant and alert to any unusual activity or to any relevant instances that may suggest breaches of the policy brought to their attention.

During 2021 financial year, there were no instances of breach of Group's Fraud Prevention, Anti-Bribery and Anti-Corruption Policy.

CONFIDENTIALITY AND PRIVACY

Confidentiality of information is always respected. The Company is committed to ensuring that all personal data processed complies with all data protection laws and regulations in all relevant jurisdictions. MAS' policy protects individuals' privacy, while also maintaining transparency about how personal data is stored and processed, and has implemented measures to prevent data breaches.

HEALTH AND SAFETY

Internal policies and procedures must be respected at all times and at all levels in order to protect the Company and others. The Group recognises, and accepts, its responsibility to maintain the health and safety of staff and other stakeholders.

There was a special focus on health and safety procedures related to Covid-19 to ensure the safety of all members of staff, tenants, suppliers and the public during the pandemic. In line with legislation, measures and instructions to prevent and combat the effects of Covid-19 were implemented.

All programmes and policy measures are updated and modified in accordance with applicable legislation. MAS complies with all applicable regulations often exceeding minimum requirements to ensure higher standards of health, safety and security.

WORKFORCE INCLUSIVENESS AND NON-DISCRIMINATION

MAS is committed to workplace openness, tolerance, equality, inclusion and eliminating unfair discrimination. The Group also respects the culture and tradition of the countries and markets where it operates, and provides all staff with the opportunity for professional development based on ability, qualifications and suitability.

The Company recognises that success depends on employing the best people, with a broad range of experience, aligned to a common purpose, who share the values necessary to achieve strategic objectives, while also ensuring every member of staff is respected and able to perform their duties to the best of their ability.

MAS does not tolerate direct, or indirect, unfair discrimination against anyone, and ensures that individuals do not suffer unfair discrimination based on gender, sexual orientation or identification, religion, race, social status, age or disability.



Photo: Dambovita Mall

STAFF ENGAGEMENT AND RETENTION

The Group aims to attract, invest and retain the best talent to enable it to meet strategic objectives. Long-term staff performance and productivity is driven by numerous factors, including skills and knowledge, experience, a positive work environment, personal investment in the business and transparent and fair compensation. Compensation and staff policies are fair and transparent, ensuring long tenure of staff members, and is focused on sustainably creating long-term shareholder value.

Continuous staff growth and career management

Through the performance review process, managers assess the achievements of team members, as well as business, commercial and strategic objectives, and discuss future development. Evaluations occur biannually during August and February. On 30 June 2021, all eligible staff (those employed for three months or more), have undergone a performance review.

During the 2021 financial year, the Group continued to implement and promote various educational programmes related to time management, coaching and personal development.

During lockdowns, the learning curriculum was adapted to Covid-19 legislation with programmes consisting of online group sessions. The Company hosted a total of 3,668 training hours, averaging 20 hours per staff member, during the 2021 financial year.

Key risks, opportunities and uncertainties

Effective risk management is fundamental to good management practice, corporate governance and achieving the Group's strategic and operational objectives. Executive management has the authority, and responsibility, to implement mitigating strategies and contingency actions, especially those with an associated cost or resource requirement, while the Board, assisted by the Audit and Risk Committee, directly exercises overall oversight.

Risk tolerance/appetite

To make adequate returns, MAS deliberately assumes risks. Consequently, risk management provides enhanced capabilities to align risk appetite and strategy, as well as to link growth, risk and return.

The purpose of risk management is not to completely avoid risk, but rather to consciously own risks, by imposing measures to control and decrease the potential negative economic impact of existing risks.

MAS' risk tolerance is based on the following principles, which include central rules of conduct for handling risks:

- continuous optimisation of systematic processes for risk management and maintaining a measured culture of risk and control;
- the Group practices risk management that is proportional to the size, nature and complexity of its activities, and
- in the case of an unclear risk situation, or doubts regarding methodology, the principle of prudence takes precedence.

The Group expects to benefit from the continual high growth in Central and Eastern European consumption by directly deploying capital in income property and indirectly in commercial and residential developments via the Development Joint Venture (DJV) with co-investor, developer and general contractor Prime Kapital. Capital historically invested in Western European property is being divested.

The current strategy increased execution risk in the disposal of the Western European assets and redeployment of capital in Central and Eastern European markets. To mitigate this risk, MAS previously implemented a disposal plan to maximise the value of assets and meet capital requirements, and, during the 2021 financial year, as planned, disposed of the majority of Western European assets. MAS is continuing to concentrate on capital allocation with increased focus to minimise risks arising from redeployment of capital in CEE, in line with its long-term investment approach of maximising total long-term returns from investments on a per share basis.

Part of MAS' strategy is to be flexible when attracting additional capital resources and to benefit from unsecured group-level funding.

As such, during the 2021 financial year, the Group obtained debut credit ratings and issued unsecured Eurobonds, and used the proceeds to repay bank loans secured against Central and Eastern European investment properties, while the remainder are to be invested in high-quality Central and Eastern European assets during the following years.

To ensure debt and liquidity-related risks arising from this strategic shift are properly managed, management permanently monitors self-imposed restrictions, in addition to bond covenants and credit ratings key indicators.

Combined assurance framework

In line with King IV, the Group implemented a combined assurance model to manage risk and ensure the effectiveness of controls, risk management procedures and governance processes.

This model incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment, support the integrity of information used for decision making by executive management, the Board and its committees and support the probity of external reports.

Approach

The Combined Assurance Framework has five lines of defence for managing risk across the organisation and ensuring the effectiveness of controls, risk management and governance.

These defences emphasise the fundamental concept of risk management and supports its execution, and are detailed as follows.

i. Tone

Tone is the organisation's collective mindset, set by executive and senior management, and reinforced through members of staff's behaviour, fostering a collective responsibility to risk. Tone is set and reinforced at all levels through:

- ensuring executive management's approach to risk is aligned with the Board's messages and values;
- the Group's vision and mission;
- the Company's values, and ensuring everyone acts accordingly;
- the Corporate Governance Framework, which sets parameters for organisational operation, and
- independent committees, which implement the Risk Management Framework and oversee risk, although early threat identification remains each person's responsibility.

ii. Function management

Management is responsible for all the Group's operations and bears ultimate responsibility for managing associated risks, as well as establishing tone. They design, implement and monitor controls to address identified risks within each function.

iii. Committees

The Audit and Risk Committee and the Environmental, Social and Ethics Committee share responsibility for ensuring that risk management procedures and governance processes are operating effectively throughout. They act as an independent reviewer of the Group's operations, escalate material weaknesses to the Board and provide insight and expertise to function managers.

Audit and Risk Committee

The Audit and Risk Committee provides independent oversight of the effectiveness of MAS' risk functions and services, with particular focus on the Combined Assurance Framework, including external assurance service providers, risk management, internal audit and finance functions.

The committee is also responsible for understanding the Group's internal financial controls systems, which identify, assess, manage and monitor financial risks, and other internal control and risk management systems.

Environmental, Social and Ethics Committee

Through a company-wide framework, the Environmental, Social and Ethics Committee provides independent oversight of effective governance policies and procedures and reviews staff adherence to the framework.

iv. Assurance

Assurance combines external and internal audit. The external auditor's primary role is proffering an opinion on whether MAS' financial statements are free of material misstatements. Internal audit helps the Group accomplish objectives by utilising a systematic and disciplined approach to the evaluation and improvement of risk management, control and governance.

External audit

The external auditor is appointed by the Board based on the Audit and Risk Committee's recommendation.

The auditor performs audits on the Group's annual financial statements each year on 30 June. A review of the 31 December interim financial statements is also performed with the same frequency.

The external auditor reports to the Audit and Risk Committee any significant findings, including, if the case, any deficiency identified in internal controls. Furthermore, the Audit and Risk Committee has, at least annually, a closed-door meeting with the external auditor without executive management present, to allow open and transparent communication.

Internal Audit

The internal audit provides assurance that all lines of defence are effective and uses the lines of defence framework to focus specifically on risk management.

The internal audit function reports directly to the Audit and Risk Committee, which also approves the risk-based internal audit plan.

During the 2021 financial year, MAS established an internal audit function, independent from management and tasked with providing risk-based and objective assurance by assessing the effectiveness of the organisation's governance, risk management and internal controls.

v. Board of Directors

The Board of Directors is the last line of defence and mediates between commercial and control activities by ensuring an appropriate balance. This is achieved by Board acting on information regarding risks, which is provided by all Group members (staff, senior management, Directors, Board committees), and particularly the Audit and Risk Committee.

This allows the Board to have oversight over the risk management process and respond appropriately to highlighted risks.

Risk management process

1. Risk Identification

Risk identification is the starting point of the risk management process, setting the foundation for subsequent steps and aims to expose, detect and document all possible sources of risks which could affect the achievement of the Group's objectives. Risk identification is two-tiered: a top-down approach involving the identification of key strategic risks by the Board and its Committees, combined with a predominantly bottom-up approach where key operational risks are identified by members of staff, including senior and executive management.

2. Risk assessment and measurement

An essential prerequisite for risk handling and related decisions is measurement. Risks are assessed to determine impact and possibility. The Group's inherent risk level is continually reassessed, considering developments in the economy, market, strategy or assets. A risk impact matrix categorises the likelihood and impact of incidents and assists in comparing and prioritising threats.

Measurement of risk categories and risk factors is based on two approaches.

- Quantitative approach: the quantitative approach applies to all risk categories which have sufficient historical data for statistical analysis.
- Qualitative approach: the qualitative approach applies to all risk categories where insufficient data for valid statistical analysis is available. Typically, this results in a frequency/severity estimate or an estimate based on another scaling approach, such as high, middle or low.

Once a risk is identified, management assesses severity. When measuring the risk, management considers potential impact and likelihood of occurrence. To this end, the residual risk is measured. Residual risk remains after considering the mitigating effects of controls. Hence, a sound understanding of the effectiveness of controls is necessary, while a close correlation with the internal controls framework is advantageous. The risk owners must consider the results of the controlled assessment regarding likelihood and severity.

3. Risk Response

Controls mitigate risks, and their suitability and effectiveness are continually monitored and evaluated. It is management's responsibility to implement controls to mitigate identified risks. Internal controls do not eliminate risks but help reduce their impact to gain reasonable assurance that the business objectives and sub-objectives are being met. The Audit and Risk Committee reviews the effectiveness of the internal control system and executive management's evaluations.

4. Risk Monitoring

To monitor the effectiveness of its risk management process, the Audit and Risk Committee meets at least three times a year, in addition to informal meetings when necessary. The Audit and Risk Committee reviews the effectiveness of the internal control system and executive management's evaluations.

5. Risk Reporting

The Group uses the Risk Register as a reporting and monitoring risk management tool to ensure effective identification and mitigation.

KEY RISKS AND OPPORTUNITIES

When considering risks and opportunities, the likelihood of each manifesting, and its potential impact on the Group, is assessed. Below is a summary of the key risks and opportunities currently facing the Group.

R1: DIRECT ACQUISITIONS OF COMMERCIAL ASSETS

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Flawed investment decisions in Central and Eastern European commercial assets, using bond proceeds and redeploying proceeds from the disposal of Western European assets.	Overestimating the potential of target properties when making acquisition decisions. Substantial capital expenditure required. Both of the above affecting Group's growth strategy and returns to shareholders.	Thorough analysis performed at macro level (catchment, competition, socio-economic, consumer patterns) and micro level (financial, asset management, legal and technical due diligence processes), using a methodology employing cross-disciplinary expertise and data-driven decisions. Increased caution and discipline over potential acquisitions.	Accretive investment opportunities benefitting long-term growth. Implementation of asset management initiatives driving increase in long-term total returns.	Impact: moderate Probability: extremely unlikely

R2: COVID-19 HEALTH AND SAFETY AND NEGATIVE IMPACT ON NON-ESSENTIAL RETAIL

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Lower and/or falling asset values.	LTV increase due to decreases in valuations, covenants are threatened or breached, and adverse effect on the MAS share price is likely.	Increased caution and discipline over potential acquisitions and Group LTV levels. Increased scrutiny of covenant headroom as part of facility agreement negotiation. Regular monitoring of covenant headroom.	Dispose of assets at the top of the real estate business cycle and redeploy capital to acquire assets with potential for growth.	Impact: major Probability: possible occurrence

R3: ECONOMIC AND/OR POLITICAL UNCERTAINTY IN KEY MARKET(S)

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Political unrest/economic downturn specific to, or disproportionately impacting, Central and Eastern European markets (especially Romania).	Asset valuations adversely impacted. Tenants experience challenging trading conditions and unable to service rents and/or unwilling to commit to new/long-term leases.	Macro-economic geographical and sub-sector factors constantly monitored, ensuring markets remain in line with current risk appetite.	Performance and continual growth of Central and Eastern European markets combined with regional economic confidence.	Impact: moderate Probability: possible occurrence

R4: LISTED SECURITIES EXPOSURE RISK

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Listed securities investment portfolio suffers a real and permanent loss in value.	Fair value losses recorded in the short term. Crystallisation of the liquidity/funding risk (see R5) in the medium term.	The rationale for holding, and the performance, of the underlying investments in the portfolio, are monitored on an ongoing basis.	Investing in listed securities with potential for appreciation in value and distributable income generated consistently.	Impact: moderate Probability: possible occurrence

R5: LIQUIDITY RISK

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Funding is not available to meet the Group's obligations.	Ability to meet cash commitments relating to: <ul style="list-style-type: none"> dividend distribution; PKM Development, and obligations to staff and suppliers. 	Issue of unsecured Eurobonds. Replacement of revolving credit facility with undrawn committed facility, on improved terms when compared to the previous facility. Robust liquidity management processes in place. Optimising capital expenditure and capital commitments, ensuring attractive returns on investment.	Flexibility in attracting additional capital resources. Utilise subsidiaries' cash reserves.	Impact: moderate Probability: remote possibility

R6: RAPID GROWTH IN E-COMMERCE WITH NEGATIVE EFFECT ON BRICK AND MORTAR RETAIL

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
The Group misinterprets or underestimates challenges facing brick and mortar retail, because of rapid growth in online retail.	<p>Potential impact on tenants' sales, reducing rental income.</p> <p>Reduced income streams through downward rent renegotiations.</p> <p>Increases in the risk of bad debts and lower assets valuations.</p> <p>Potential impact enhanced by pandemic.</p>	<p>Continuous monitoring of retail trends and market results where MAS operates.</p> <p>In the short- to medium-term, Central and Eastern European markets have inadequate retail supplies and logistical barriers to e-commerce and are considered more resilient.</p> <p>Asset management initiatives to increase attractiveness of retail properties.</p>	<p>Reconfiguration of retail assets to maximise value and optimise tenant mix.</p> <p>Central and Eastern European market's current barriers to e-commerce penetration means retail remains an attractive proposition.</p>	<p>Impact: major</p> <p>Probability: remote possibility</p>

R7: TAX LEGISLATION RISK

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Changes to tax regimes may result in materially increased exposure.	Tax increases.	Changing tax landscape is continuously monitored by the Director of Tax and Compliance.	Changes in tax legislation can create allowances and incentives reducing tax.	<p>Impact: moderate</p> <p>Probability: possible occurrence</p>

R8: JOINT VENTURE PARTNER RISK

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Material joint venture partner to the Group fails or underperforms leading to a material loss of MAS' investment/ committed capital.	Since the Group has significant investments in PKM Development, as well as a material funding commitment, any failure or underperformance would have a significant impact on the value of its investment.	<p>Assets are ring-fenced, negating portfolio failure.</p> <p>The strength, reputation and track record of Prime Kapital, together with the strong performance of completed developments mitigates failure.</p> <p>The standard and regular provision of high-quality, audited financial information on PKM Development, proves the Company is a sound, disciplined and dominant business in CEE.</p>	The Group is in a strong position to leverage performance and growth in economically confident Central and Eastern European markets.	<p>Impact: moderate</p> <p>Probability: extremely unlikely</p>

R9: MATERIAL FOREIGN EXCHANGE LOSS

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
<p>Currency exposure results in a material adverse foreign exchange movement.</p> <p>Currently this risk relates mostly to sterling exposure relative to the euro.</p>	Assets and equity denominated in sterling can fluctuate due to changes in exchange rates.	Partial disposal of UK properties decreased exposure to sterling.	Dispose of the remainder UK assets and redeploy capital in CEE.	<p>Impact: minor</p> <p>Probability: possible occurrence</p>

R10: STAKEHOLDER RISK AND EXPECTATION MANAGEMENT

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Group does not engage with or consider the needs of all stakeholders.	Certain stakeholders could be alienated, and withdraw support.	<p>Group maintains an excellent relationship with stakeholders, and communicates transparently, continuously seeks to improve and maintain high-quality of all public disclosures.</p> <p>Continuous engagement with stakeholders to understand needs.</p>	Increase Company's profile in regions where stakeholders are based, and increase interaction with current, and potential, stakeholders.	<p>Impact: moderate</p> <p>Probability: remote possibility</p>

Consolidated Annual Financial Statements

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Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' commentary and the consolidated annual financial statements in accordance with applicable laws and regulations.

The Directors have elected to prepare the consolidated annual financial statements in accordance with the International Financial Reporting Standard ("IFRS").

In preparing the consolidated annual financial statements, the Directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated annual financial statements;
- making judgements and accounting estimates that are reasonable and prudent;
- preparing the consolidated annual financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- preparing consolidated annual financial statements which give a true and fair view of the financial position of the Group and of the financial performance of the Group for that period.

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 the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

The consolidated annual financial statements have been prepared under the supervision of Irina Grigore.

CEO and CFO confirmation

The Directors, whose names are stated below, hereby confirm that:

- (a) the consolidated annual financial statements set out on pages 75 to 140, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the consolidated annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the consolidated annual financial statements of the issuer; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditor the deficiencies in design and operational effectiveness of the internal financial controls, and any fraud that involves directors, and have taken the necessary remedial action.

The consolidated annual financial statements on pages 75 to 140 were approved and authorised for issue by the Board of Directors on 26 August 2021 and signed on its behalf by:

Martin Slabbert
Chief Executive Officer

Irina Grigore
Chief Financial Officer

26 August 2021
Douglas
Isle of Man

Independent auditor's report to the shareholders of MAS Real Estate Inc.

Our opinion

In our opinion, the consolidated annual financial statements give a true and fair view of the consolidated financial position of MAS Real Estate Inc. (the "Company") and its subsidiaries (together the "Group") as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

MAS Real Estate Inc.'s consolidated annual financial statements (the "financial statements") comprise:

- the consolidated statement of financial position as at 30 June 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property and investment property held for sale Refer to Note 4.2 'Investment property held for sale', Note 12 'Investment property', Note 13 'Investment in equity-accounted investee' and Note 24 'Critical accounting estimates, judgements and errors'. The Group's investment property portfolio is split between Retail properties in Central and Eastern Europe and Retail and Hotel properties and Land in Western Europe. The valuation in the financial statements for the investment property held for sale is €211,640 thousand, for the investment property is €458,603 thousand and for the investment in equity-accounted investee is €37,365 thousand. The majority of the assets underlying the investment in the equity-accounted investee comprises investment property. The valuation of the Group's investment property held for sale, investment property and the equity-accounted investee's investment property was identified as a key audit matter given that the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. Coronavirus further contributed to the subjectivity for the year ended 30 June 2021. The significance of accounting estimates and judgements involved warrants specific audit focus, coupled with the fact that only small differences in individual property valuations when aggregated could result in a material misstatement.	<p>Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for strong market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts with relevant qualifications to assist us in this area.</p> <p>We assessed the valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of the valuers was compromised.</p> <p>We read the valuation reports for a sample of the properties and confirmed that the valuation approach for each property selected was in accordance with RICS standards or equivalent and suitable for use in determining the carrying value for the purpose of the financial statements in accordance with International Financial Reporting Standards.</p> <p>We held meetings with management and the valuers, as appropriate, at which the valuations and the key assumptions and rationale therein were discussed and challenged, particularly in light of coronavirus, focusing on the largest properties in the portfolio, significant valuation movements and where the valuation basis has changed in the year.</p>

We obtained details of each material property held by the Group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market, including the impact of the coronavirus pandemic. We compared investment yields used by the valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as estimated rental value.

Where assumptions were outside the expected range or otherwise appeared unusual, and/or valuations showed unexpected movements, we undertook further investigations, and when necessary, held further discussions with management and the valuers and obtained evidence to support explanations received. The valuation commentaries provided by the valuers and other supporting evidence enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate.

We performed testing on the standing data the Group provided to the valuers for use in the performance of the valuation on a sample basis, to satisfy ourselves of the accuracy of the property information supplied by management. For land bank assets we confirmed that the estimated costs to complete were consistent with the Group's records, for example by inspecting budgets and contracts.

The above procedures were also performed on investment property held by the equity-accounted investee.

Based on the work performed we found that the assumptions used in the valuations were supportable by the evidence obtained.

We also considered the adequacy of the disclosures made in Note 4.2 "Investment property held for sale", Note 12 "Investment property", Note 13 "Investment in equity-accounted investee" and Note 24 "Critical accounting estimates, judgements and errors" to the financial statements and consider these to be adequate.

Impact of coronavirus

Refer to Note 2 "Going concern and impact of coronavirus pandemic".

The coronavirus outbreak continues to have a major impact on economic activity in the Group's countries of operation.

In order to assess the impact of coronavirus on the Group, management have updated their analysis of the potential impact on revenues, profits, cash flows, operations and the liquidity position of the Group. This analysis and related assumptions have been used by management in its assessment of the carrying value of several balances, as well as underpinning the Group's going concern analysis.

After considering all of these factors, management have concluded that preparing the financial statements on a going concern basis remains appropriate. No material uncertainty in relation to going concern exists.

The most significant impact to the financial statements has been in relation to the valuation of investment property and investment property held for sale. This is described in the key audit matter on valuation of investment property and investment property held for sale above.

In addition, the recognition of spreading of rental concessions given to tenants as a result of coronavirus as well as impairments recorded in respect of trade receivables from lessees has warranted additional audit focus due to their non-standard nature.

We evaluated the Group's analysis and considered whether it addresses the relevant threats posed by the coronavirus pandemic. We corroborated evidence of the operational impacts, considering their consistency with other available information and our understanding of the business.

In respect of going concern, we assessed the directors' going concern analysis, liquidity analysis and the key assumptions used in preparing the going concern model in light of coronavirus, including assessing covenant headroom, the potential impact of another wave of coronavirus and the maximum level of available drawdowns on the Group's preference share commitments.

Our procedures in respect of the valuation of investment property held either directly or indirectly through the equity-accounted investee and investment property held for sale are set out in the key audit matter on valuation of investment property and investment property held for sale.

We used substantive testing procedures to ensure that a sample of rental concessions offered to tenants had been correctly accounted for within the requirements of IFRS 16 "Leases" and IFRS 9 "Financial Instruments". We assessed the recoverability of trade receivables from lessees by evaluating the financial viability of the major tenants and ensured allowances for expected credit losses are accounted for within the requirements of IFRS 9 "Financial Instruments".

We considered the disclosures presented in the financial statements in relation to the impact of coronavirus and consider these to be adequate.

Other information

The directors are responsible for the other information. The other information comprises the directors' commentary and the statement of directors' responsibilities (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other information to be included in the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the other information to be included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report, including the opinion, has been prepared for and only for the Company's shareholders as a body in accordance with our engagement letter dated 8 February 2021 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Nicola Shepstone
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants
Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

27 August 2021

Consolidated statement of profit or loss

	Note	Year ended 30 June 2021	Year ended 30 June 2020
<i>Continuing operations</i>			
Rental income	5.1	34,864	35,659
Service charge income and other recoveries	5.2	10,499	11,191
Gross revenue		45,363	46,850
Impairment of receivables	5	(6,090)	(4,763)
Service charge and other property operating expenses	5.2	(12,355)	(11,604)
Net rental income	5	26,918	30,483
Corporate expenses	6	(5,700)	(5,763)
Other income	7	2,690	6,308
Investment expenses	8	(631)	(3,927)
Fair value adjustments	9	28,432	(34,349)
Foreign currency exchange differences		3,100	(1,203)
Share of profit from equity-accounted investee, net of tax	13	10,629	4,848
Goodwill impairment	14	-	(29,452)
Profit/(loss) before finance income/(costs)		65,438	(33,055)
Finance income	10	15,397	13,231
Finance costs	10	(9,401)	(7,502)
Profit/(loss) before tax		71,434	(27,326)
Current tax		(180)	(530)
Deferred tax		(5,443)	223
Tax expense	11	(5,623)	(307)
Profit/(loss) from continuing operations		65,811	(27,633)
<i>Discontinued operations</i>			
Profit from discontinued operations, net of tax	4.1	5,931	7,446
Profit/(loss) for the year		71,742	(20,187)
<i>Attributable to:</i>			
Owners of the Group		71,742	(21,615)
Non-controlling interest		-	1,428
Profit/(loss) for the year		71,742	(20,187)
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Group:	20.3		
Basic earnings/(loss) per share (eurocents)		10.18	(3.19)
Diluted earnings/(loss) per share (eurocents)		10.14	(3.19)
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Group - continuing operations	20.3		
Basic earnings/(loss) per share (eurocents)		9.34	(4.29)
Diluted earnings/(loss) per share (eurocents)		9.30	(4.29)

The notes on pages 80 to 140 form part of these consolidated annual financial statements.

All amounts in € thousand unless otherwise stated.

Consolidated statement of other comprehensive income

	Year ended 30 June 2021	Year ended 30 June 2020
Profit/(loss) for the year - continuing operations	65,811	(27,633)
Profit for the year - discontinued operations	5,931	7,446
Profit/(loss) for the year	71,742	(20,187)
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations - continuing operations	2,920	(6,551)
Exchange differences on translation of foreign operations - discontinued operations	(1,570)	6,528
Total comprehensive income/(expense) for the year	73,092	(20,210)
<i>Attributable to:</i>		
Owners of the Group	73,092	(21,638)
Non-controlling interest	-	1,428
Total comprehensive income/(expense) for the year	73,092	(20,210)

MAS Real Estate Inc.
Consolidated annual financial statements for the year ended 30 June 2021

Consolidated statement of financial position

	Note	Year ended 30 June 2021	Year ended 30 June 2020
<i>Non-current assets</i>			
Investment property	12.1	458,603	533,649
Financial assets	17.4	247,734	186,050
Investment in equity-accounted investee	13	37,365	26,736
Intangible assets	14	1,696	1,696
Deferred tax assets	11	3,470	3,394
Other non-current assets	15	9,385	11,453
Total non-current assets		758,253	762,978
<i>Current assets</i>			
Financial investments	17.1	33,580	28,406
Trade and other receivables	17.2	36,030	20,689
Cash and cash equivalents	17.3	287,077	51,404
Investment property held for sale	4.2	211,640	429,592
Total current assets		568,327	530,091
Total assets		1,326,580	1,293,069
<i>Equity</i>			
Share capital	20.1	649,529	899,858
Treasury shares – geared share purchase plan shares	20.1	(5,980)	(6,309)
Retained earnings/(deficit)		236,421	(85,321)
Share-based payment reserve	20.2	1,233	925
Foreign currency translation reserve		(11,780)	(13,130)
Equity attributable to owners of the Group		869,423	796,023
<i>Non-current liabilities</i>			
Bonds	18.1	294,587	-
Bank loans	18.1	-	233,666
Financial liabilities	18.3	-	2,148
Deferred tax liabilities	11	24,436	27,425
Other non-current liabilities	16	2,036	2,776
Total non-current liabilities		321,059	266,015
<i>Current liabilities</i>			
Bonds	18.1	151	-
Bank loans	18.1	112,171	211,081
Financial liabilities	18.3	848	2,323
Trade and other payables	18.2	22,928	17,627
Total current liabilities		136,098	231,031
Total liabilities		457,157	497,046
Total shareholder equity and liabilities		1,326,580	1,293,069
Actual number of ordinary shares in issue	20.1	704,493,798	704,493,798
IFRS Net Asset Value per share (eurocents)		123.4	113.0

These consolidated annual financial statements were approved and authorised for issue by the Board of Directors on 26 August 2021 and signed on their behalf by:

Irina Grigore
Chief Financial Officer

The notes on pages 80 to 140 form part of these consolidated annual financial statements.
All amounts in € thousand unless otherwise stated.

MAS Real Estate Inc.
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Consolidated statement of changes in equity

	Note	Share capital and share premium	Treasury shares – geared share purchase plan shares	Retained earnings/ (deficit)	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the Group	Non-controlling interest	Total equity
Balance at 30 June 2019		824,686	(8,299)	53,864	975	(13,107)	858,119	7,439	865,558
<i>Comprehensive income for the year</i>									
(Loss)/profit for the year		-	-	(21,615)	-	-	(21,615)	1,428	(20,187)
Other comprehensive expense for the year		-	-	-	-	(23)	(23)	-	(23)
Total comprehensive profit/(loss) for the year		-	-	(21,615)	-	(23)	(21,638)	1,428	(20,210)
<i>Equity transactions</i>									
Employee share schemes – value of employee services		-	-	-	(50)	-	(50)	-	(50)
Total equity transactions		-	-	-	(50)	-	(50)	-	(50)
<i>Transactions with the owners of the Group and non-controlling interests</i>									
Acquisition of non-controlling interest and related transactions		77,162	-	(56,014)	-	-	21,148	(5,419)	15,729
Shares forfeited and cancelled	20.1	(1,990)	1,990	-	-	-	-	-	-
Dividends paid	20.1	-	-	(61,556)	-	-	(61,556)	(3,448)	(65,004)
Total transactions with the owners of the Group and non-controlling interests		75,172	1,990	(117,570)	-	-	(40,408)	(8,867)	(49,275)
Balance at 30 June 2020		899,858	(6,309)	(85,321)	925	(13,130)	796,023	-	796,023
<i>Comprehensive income for the year</i>									
Profit for the year		-	-	71,742	-	-	71,742	-	71,742
Other comprehensive income for the year		-	-	-	-	1,350	1,350	-	1,350
Total comprehensive profit for the year		-	-	71,742	-	1,350	73,092	-	73,092
<i>Equity transactions</i>									
Employee share schemes – value of employee services	20.2	-	-	-	308	-	308	-	308
Employee share schemes – net value of shares forfeited and brought back in the scheme	20.1	(2,064)	2,064	-	-	-	-	-	-
Transfer from share premium to retained deficit	20.1	(250,000)	-	250,000	-	-	-	-	-
Total equity transactions		(252,064)	2,064	250,000	308	-	308	-	308
<i>Transactions with the owners of the Group and non-controlling interests</i>									
Issue of shares	20.1	1,735	(1,735)	-	-	-	-	-	-
Total transactions with the owners of the Group		1,735	(1,735)	-	-	-	-	-	-
Balance at 30 June 2021		649,529	(5,980)	236,421	1,233	(11,780)	869,423	-	869,423

The notes on pages 80 to 140 form part of these consolidated annual financial statements.

All amounts in € thousand unless otherwise stated.

Consolidated statement of cash flows

	Note	Year ended 30 June 2021	Year ended 30 June 2020
<i>Operating activities</i>			
Cash generated from operating activities	17.3	35,700	52,495
Capitalised expenditure on inventory property		-	(339)
Proceeds from the sales of inventory property		-	6,689
Income on PKM Development preference shares	19	8,288	9,911
Income taxes paid		(4,068)	(2,935)
Distributions paid to salaried plan participants of geared share purchase plan		-	(238)
Net cash inflow from operating activities		39,920	65,583
<i>Investing activities</i>			
Capitalised expenditure on investment property	12.1	(6,467)	(8,423)
Capitalised expenditure on investment property held for sale	4.2	(8,786)	(4,449)
Proceeds from sale of investment property held for sale	4.2	343,852	-
Payments for acquisition of subsidiaries, net of cash acquired		-	86
Subscription for PKM Development preference shares	19	(54,650)	(8,700)
Acquisition of direct financial investments	17.1	(28,204)	-
Proceeds from the disposal of direct financial investments	17.1	-	37,056
Proceeds from the disposal of direct financial investments - transferred to CFDs	17.1	-	6,456
Deposit of CFD collateral on CFD purchases	17.1	-	(4,066)
Receipt of CFD collateral on CFD disposals	17.1	28,406	24,245
Settlement of fair value adjustments on CFDs	17.1	7,234	(28,727)
Settlement of financial liability	19	(2,340)	(5,070)
Investment expenses paid		(10,339)	(4,221)
Interest on bank deposits, net	10	(293)	30
Tax paid on investing activities		(4,061)	(872)
Net cash inflow from investing activities		264,352	3,345
<i>Financing activities</i>			
Proceeds from bank loans	18.1	-	99,700
Proceeds from issue of bonds	18.1	296,710	-
Transaction costs relating to bonds	18.1	(3,560)	-
Transaction costs relating to bank loans	18.1	-	(1,734)
Repayment of capital on bank loans	18.1	(341,808)	(110,061)
Debt break fees paid on repayment of bank loans	18.1	(10,151)	-
Interest paid on bank loans	18.1	(8,269)	(11,395)
Distributions paid to the owners of the group		-	(61,556)
Distributions paid to non-controlling interest		-	(3,448)
Net cash (outflow) from financing activities		(67,078)	(88,494)
Net increase/(decrease) in cash and cash equivalents		237,194	(19,566)
Cash and cash equivalents at the beginning of the year	17.3	51,404	71,155
Effect of movements in foreign exchange rate fluctuations on cash held		(1,521)	(185)
Cash and cash equivalents at the end of the year	17.3	287,077	51,404

*The cash flows above relate to continuing and discontinued operations. See note 4.3 for cash flow summary on discontinued operations.

Notes to the consolidated annual financial statements

Corporate information

MAS Real Estate Inc. (the “company” or “MAS”) is domiciled in the British Virgin Islands (“BVI”). These consolidated annual financial statements are as at, and for the year ended 30 June 2021 and comprise the company and its subsidiaries (together referred to as the “Group”). The Company has submitted the file for redomiciliation to Malta to relevant authorities. With effect from the date of registration, the Company's name will change to MAS P.L.C. At the time of signing these financial statements, registration is still pending.

Comparative figures are included for the year ended 30 June 2020.

All amounts disclosed have been rounded off to the nearest thousand euro (“€ thousand”), unless otherwise stated.

Group subsidiaries

The Group's subsidiaries at 30 June 2021 and 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Entity name	Ownership interest held by the Group
MAS (BVI) Holdings Limited	100%
Rhea Mezzi Limited (name changed from MAS Mezzi Limited on 19 January 2021)	100%
MAS Property Advisors Limited	100%
MAS (IOM) Holdings Limited	100%
MAS CEE Developments Limited	100%
MAS CEE Investments Limited	100%
MAS Securities BV (incorporated on 21 January 2021)	100%
MAS One PCC Limited	100%
MAS Two PCC Limited	100%
MAS Three Limited	100%
Braehead Properties Limited	100%
Chippenham Properties Limited	100%
Langley Properties Limited	100%
North Street Quarter Limited	100%
New Waverley 10 Limited	100%
New Waverley 12 Limited	100%
New Waverley 14 Limited	100%
New Waverley 20 Limited	100%
MAS (European) Holdings Limited	100%
Braunschweig Limited	100%
Flensburg Limited	100%
New Uberior House Limited	100%
Brandenburg Retail Capital SARL	100%
MAS WE Holdings Ltd (name changed from European Property Holdings SARL and redomiciled to Malta on 19 April 2021)	100%
Impromptu Capital SARL	100%
Incantada Capital SARL	100%
Innova Capital SARL	100%
Interlude Capital SARL	100%
Intermezzo Capital SARL	100%
Istempo Capital SARL	100%
Instrumento Capital SARL	100%
Intonata Capital SARL	100%
Leipzig Retail Capital SARL	100%
Magdeburg Retail Capital SARL	100%
Petrusse Capital SARL	100%
PKM CEE Investments Ltd	100%
PKM Investments Finance Ltd	100%
PKM Investment Sarl	100%
MAS CEE Management Holding SRL (name changed from PKM Neptune SRL on 4 January 2021)	100%
Land Development Proiect SRL	100%
MAS Real Estate Finance SRL (name changed from PKM Gemini SRL on 8 April 2021)	100%
PKM Jupiter SRL	100%
PKM Saturn SRL	100%
Mastweight SRL	100%
PK Black SRL	100%
PK Red SRL	100%
PK Indigo SRL	100%
Galleria Burgas ead	100%
Galleria Stara Zagora ead	100%
PKM Investments (Netherlands) BV	100%
Nova Park sp zoo	100%
PK Mezz BV	100%
Prime Kapital CEE Property Investment Management Ltd	100%
PK Property Management (Poland) sp zoo	100%
PK Property Management (Bulgaria) eood	100%

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1. Significant events in the reporting period

The financial position and performance of the Group was influenced by the following events and transactions during the reported period:

- Impact of the coronavirus outbreak with ongoing measures taken due to the pandemic, which continued to have a wide impact on the Group's operations and financial performance in the financial year ended 30 June 2021; please see further discussion in note 2;
- Implementation of disposal strategy in respect of the investment property in Western Europe ('WE'), with completion of the general sales process conducted by the Group in respect of properties in this geographical segment during the financial year; please see further information in note 4.2;
- The Group, through its subsidiary MAS Securities B.V., has issued a €300 million unsecured 5-year Eurobond maturing on 19 May 2026, carrying a 4.25% fixed coupon; please see further information in note 18.1.

2. Going concern and impact of coronavirus pandemic

Background

During the previous financial year, ended 30 June 2020, the World Health Organisation had declared the coronavirus outbreak a pandemic, the impact of which has continued throughout the reported financial year. Responding to the potentially serious threat the coronavirus presented to public health, government authorities in all jurisdictions where the Group operates took measures to contain the outbreak, including introducing restrictions on the cross-border movement of people, entry restrictions on foreign visitors and the 'lockdown' of certain industries. In particular, transport of people by air and road to and from certain countries affected by the coronavirus outbreaks had been suspended, schools, universities, restaurants, cinemas, theatres and museums and sport facilities, retailers (excluding food retailers, grocery stores and pharmacies) were closed. Some businesses had also instructed employees to remain at home and have curtailed or temporarily suspended business operations.

The Group has prepared for the impact of predicted longer-term recessionary consequences, which potentially include a prolonged reduction in consumption, as well as new investment and development opportunities that may emerge as a result.

Operations

MAS' primary business is the investment in, and operation of, retail assets in Central and Eastern Europe (CEE), particularly in Romania, Bulgaria, and Poland. The Group also owns retail assets held for sale in Germany and hospitality, retail, office and development land in the UK (hereafter, the latter two countries are referred to as Western Europe or WE). The Group benefits from retail and residential development exposure, on a downside protected basis, via the Development Joint Venture ('DJV') with Prime Kapital.

At the beginning of the pandemic, authorities in all jurisdictions where the Group operates have introduced pandemic regulatory restrictions, which have resulted in the closure of all non-essential retail property and hospitality operations for different periods depending on jurisdiction. Typically, initial closures commenced in March 2020 and remained in full effect until mid-May 2020. This had a direct initial impact on the financial health of the Group's retail and hotel tenants, for financial years ended 30 June 2020 and 30 June 2021.

By July 2020, most Covid-19 related trading restrictions were lifted and the majority of Group's CEE tenants could trade with limited restrictions until the end of October 2020.

In Romania, a patchwork of lighter regional restrictions was introduced during November, varying from limiting trading capacity to closing non-essential retailers on certain days. Notable exceptions were Romanian indoor food and beverage and leisure tenants. The former were limited to takeaway and delivery trading from 15 June 2020 to 31 August 2020, and 15 October 2020 to 31 December 2020, and subject to regional seating capacity restrictions from 1 September 2020 to 14 October 2020. Leisure tenants, except cinemas from 1 September 2020 to 24 October 2020, were not permitted to trade. During the six-month period ended 30 June 2020, Romania was affected by closures and restrictions, the latter only in respect of indoor food and beverage and leisure tenants. Leisure operators were allowed to trade, with capacity restrictions being gradually lifted between mid-May and the beginning of June 2021, while indoor food and beverage tenants have traded with varying restrictions on seating for the entire period up to the date of this report.

Bulgarian authorities closed non-essential retail during the last week of November 2020 reopening on 1 February 2021 and re-introduced closures from 18 March 2021 to 15 April 2021.

Polish authorities closed non-essential retail for three weeks in November 2020, permitted reopening on 28 November and closed again on 28 December up to 1 February 2021, with additional closures of non-essential retail from 15 March 2021 to 3 May 2021.

Excepting Polish indoor food and beverage and leisure tenants being subject to seating capacity limitations, Polish and Bulgarian non-essential retailers restrictions were lifted and no additional constraints were imposed up to date of this report.

In CEE, the Group's operational performance for the second half of the financial year reflected a strong recovery of tenants' sales as authorities have gradually lifted restrictions as a consequence of the European Union's vaccination rollouts and decrease of Covid-19 infection rates. Even though imposed restrictions predominantly affected indoor food and beverage operators and leisure tenants in CEE, and non-essential tenants in Bulgaria and Poland during the months January, March and April 2021, tenants' sales levels have since recovered, and consistently exceeded pre-pandemic levels in respect of open-air malls. The Group's operations in Poland, albeit limited to one enclosed mall, have been further negatively impacted by Polish authorities imposing landlords waivers of rental obligations for the lockdown periods. Despite the overall positive result over the period, the Group continued supporting tenants in difficulty, especially smaller retailers and leisure tenants.

The Scottish Government imposed a hard lockdown on 22 December 2020 and implemented a phased reopening plan. Consequently, hospitality and non-essential retail have been subject to significant restrictions up until 26 April 2021, which affected the Adagio Hotel and Arches street retail units' operations. Western European operations, have continued to be significantly affected by restrictions. At Flensburg Galerie (Germany), authorities first introduced restrictions in November 2020, which have been hardened from 16 December 2020 to 17 March 2021, and subsequently relaxed to capacity restrictions for indoor food and beverage operators only, which remained in place until 26 July 2021.

CEE

Temporary closures had an immediate initial impact on collections from non-essential tenants and from tenants which had interrupted operations.

In Romania and Bulgaria, the Group offered tenants rental holidays for the duration of the initial lockdown periods in exchange for measures to be negotiated tenant-by-tenant, and additionally, on a case-by-case basis and dependent on sales, partial rent deferrals for the months following the initial lockdown. Due to several lockdowns and strict restrictions in Poland, the Group recognised additional receivables impairment in line with changes to local legislation announced by the Polish authorities. The result of the restrictions and lockdowns was an impairment of receivables of €6.1million for the year ended 30 June 2021 (€4.8million in the year ended 30 June 2020). Refer to note 5 for further details on the revenue recognition in the context of the coronavirus pandemic.

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WE

In WE a significant part of rental income generated by properties held for sale related to essential retail tenants, and other tenants with operations unaffected by the pandemic and related restrictions. The Group recovered most rental income and service charges due in respect of the WE assets and managed to dispose of a significant part of the portfolio in Germany and UK, as discussed in note 4. For amounts deemed not recoverable, mostly from retail operations of one remaining property held for sale in Germany, an impairment of €0.3 million (30 June 2020: €0.8 million) was recognised, see note 5.

Developments, extensions and refurbishments

Planned extensions to directly owned properties Militari Shopping, Galleria Burgas and Nova Park remain on hold and will be re-assessed during the second half of 2021 (calendar year). Refurbishment of Galleria Stara Zagora has been completed during the financial year and the refurbishment and reconfiguration of Atrium Mall is ongoing and expected to be completed in September 2021.

DJV's retail development pipeline planning has been adjusted to take cognisance of the strong performances of anchor tenants in open-air malls from July to December 2020 and at Dambovită Mall since opening, the expectation that consumer spending will recover to pre-pandemic levels by mid-2022 (calendar year), and that a vaccine will be widely available in the second half of 2021 (calendar year) enabling consumer behaviour in the Group's markets to begin returning to normal.

Sepsi Value Centre opened as planned in March 2021, while construction for Barlad and Prahova (Ploiesti) Value Centres started, as scheduled during April 2021 and are expected to open in November 2021. Construction on Marmura Residence, the DJV's first residential development in Bucharest, continues and it is expected that construction works on four of the five buildings will be completed by December 2021, with construction works on the fifth by June 2022. Phase one works on Avalon Estate, commenced in November 2020 and is expected to be delivered gradually from December 2021 until completion in June 2022.

Bank debt, bonds and liquidity

The Group issued in May 2021, a €300million unsecured, 5-year Eurobond maturing on 19 May 2026, carrying a 4.25% fixed coupon, with an issue price of 98.903%. The Group partially used the proceeds to refinance Eligible Projects in accordance with the Group's Green Financing Framework, repaying bank loans secured against investment properties in the CEE region, the remaining cash being held with high rated investment grade banks at 30 June 2021. The Group's secured debt significantly decreased following disposal of WE assets.

On 30 June 2021, the Group's ratios demonstrated significant headroom compared to bond covenant tolerances, on both IFRS and proportionate consolidation bases, as disclosed in note 18.1.

The Group held €287.1million in cash at 30 June 2021 and a further €33.6million in listed securities. The Group is in a strong position to meet day-to-day financial obligations, including commitments to the DJV. On 30 June 2021, the Group had an outstanding commitment to the DJV of €186.7million. During the financial year ended 30 June 2021, DJV issued preference shares to the Group amounting to €54.6million.

Dividend

Due to Covid-19, the Company declined to declare an interim dividend. The Group stated that the Company will consider resuming dividend payments when the pandemic is effectively over, business is sufficiently profitable and depending on the attractiveness of investment opportunities. However, the business has returned to significant profitability, the Company has managed to effectively deal with the Covid-19 fallout in its markets and benefits from substantial liquidity. Thus, the Company achieved 5.93eurocents distributable earnings per share in respect of the financial year ended 30 June 2021, and the Company has consequently declared a cash dividend of 5.93eurocents per share for the twelve months ending then.

Going concern

Management prepared these consolidated annual financial statements on a going concern basis. Based on the publicly available information at the date these consolidated annual financial statements were authorised for issue, the Group has considered and further analysed the potential development of the coronavirus pandemic and its expected impact on the Group's revenues, profits, cash flows, operations and liquidity position and economic environment, in which the Group operates, including measures already taken by the governments in the countries where the Group operates. Having considered potential Covid-19 disruptions not expected to lead to negative operational cash flows in the short term and having analysed the potential impact on the Group's operations and long-term strategy and earnings targets, management concluded that there are no material uncertainties relating to Group's ability to continue as a going concern.

3. Segmental analysis – proportionate accounts

Segment results reported to the executive management team include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's reportable segments are designed so that management can analyse the portfolio on a regional level, consistent with the Group's strategy to increase its geographical focus in the CEE markets. The Group prepares proportionate accounts for the use of investors, analysts, rating agencies and any other interested parties for the purpose of providing a transparent view of how management determines the Group's operational performance and financial position. The measure of segment performance represents tangible net asset value per segment and adjusted distributable earnings per segment, with each segment detailed in the table below.

The Group's business is more complex when compared to other industry peers due to the development joint venture arrangement with Prime Kapital. Presentation of financial information by using the proportionate consolidation method enhances clarity to interested parties in the Group's operations.

Reportable segment	Description
CEE direct portfolio (CEE)	Income properties located in CEE fully owned and managed by the Group. Until 27 November 2019, these properties were housed in the IJV and consequently the company recognised 80% of the financial result in respect thereof. Following the Transaction (as described in notes 14 and 20), the Group accounts for 100% of these properties.
CEE development joint venture (DJV)	Income and development properties located in CEE, indirectly owned through the DJV with Prime Kapital. Information presented represents the Group's 40% share in the joint venture. In addition, the segment includes other balances and transactions in relation to the DJV, including 60% of the preference share exposure (40% of the redemption value and income related to preference shares is eliminated on proportionate consolidation).
WE direct portfolio (WE)	Income properties located in WE (Germany, UK, Switzerland) fully owned by the Group. The Switzerland property located in Zurich, as well as part of the properties in UK and Germany were part of disposals during the period, please see note 4.
Corporate (Co)	Other assets, liabilities and activities related to the Group's management, including investments in listed securities, Group level financing, as well as corporate level administration.

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Management analyses the performance and position of the Group by aggregating the Group's operations 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.

Segmental analysis basis for preparation – proportionate accounts

The Group's management accounts financial information is not intended to be a replacement of the Group's IFRS financial statements but a complement to these.

In considering the accounting policies for the management accounts, management analysed in-depth best practice recommendations by industry institutions (EPRA, SA REIT) and the main changes in presentation IFRS versus Segmental analysis are as follows:

Presentation	IFRS	Segmental analysis – proportionate accounts
Joint ventures and non-controlling interests	Equity accounting	Proportionate accounting
Statement of profit or loss	Aggregation based on function (presented as continuing and discontinued operations in accordance with IFRS 5)	Aggregation based on nature*
Properties held for sale	Current assets	Investment property based on type
Statement of financial position – line descriptions	Aggregation with limited details (explanatory notes needed for clarity)	Comprehensive detail with limited aggregation
Statement of financial position – classification by current/non-current	Yes	No
Statement of financial position – equity	Classification by type	Total equity amount

*Proportionate accounts have been adjusted to reflect investment expenses of €412 thousand, incurred by corporate entities servicing multiple WE subsidiaries, mainly relating to legal fees attributable to disposal of the WE assets and to reflect fair value of income property netted off by gain/(loss) from disposal of assets and debt break fees incurred at the disposal of the respective assets.

Proportionate accounts have been prepared to reflect the Group's proportion of its 40% interest in the DJV and 80% interest in the IJV until the Transaction date, and 100% thereafter.

Presentation of the consolidated statement of profit or loss for the purpose of proportionate accounts reflects the main areas of the business whose operational performance is monitored by management, in respect of distributable earnings to shareholders as well as non-distributable earnings. Management monitors earnings generated by each area of the business and its impact on the total adjusted earnings for each segment.

Presentation of the consolidated statement of financial position has been disaggregated in a similar manner, so as to clarify the assets and liabilities generating the corresponding earnings for each main area of the business comprehensively. As such, for a more comprehensive review process by management, the following line items have been presented differently as compared to IFRS so as to more clearly show elements included in each category as followed by management:

- Investment property and investment property held for sale have been disaggregated to show income property, developments – income property and developments – residential property.
- Financial assets and investments have been disaggregated to show Preference shares, Listed securities gross exposure, Interest rate derivative financial assets and Other assets.
- Trade and other receivables have been split to VAT receivable, Share-based payment prepayments and Trade and other receivables.
- Debt financing has been grossed-up to include the funding leg related to listed securities investments held in the form of CFDs (see note 17.1).
- Financial liabilities have been split to Interest rate derivative financial liabilities and Other liabilities.

Segment adjusted proportionate accounts

In addition to segmental proportionate accounts, management presents a set of segment-adjusted proportionate accounts. The latter include adjustments typical for real estate companies described in more detail below.

- 1. Net dividends - listed securities**
Dividends from listed securities are recognised in adjusted distributable earnings on a basis which is commensurate and matching the holding period of the securities with the reporting period of the company. Consequently, any excess or shortfall in dividends received is reclassified "to" and, respectively, "from" non-distributable earnings (fair value movements in listed securities).
- 2. Goodwill**
No goodwill is included in adjusted proportionate accounts. Consequently, goodwill and related impairments are eliminated.
- 3. Share-based payments**
The allocation of part of the purchase price in a transaction settled in shares to share-based payments is an accounting treatment required under IFRS. Share-based payments related to the Transaction between MAS and Prime Kapital in November 2019 are reversed in adjusted proportionate accounts so that the entire Transaction purchase price is treated as being paid for Prime Kapital's effective economic interest in the IJV and all amounts exceeding the net tangible asset value thereof eliminated.
- 4. Deferred tax**
Deferred tax, which is unlikely to crystallise on disposal as an actual tax, a purchase price adjustment or any other cost.
- 5. Estimation for WE disposal realisation costs and losses**
Estimated costs likely to crystallise on disposal of the assets in WE, including punitive fixed-interest arrangements, early bank debt repayment penalties, agency fees and other related costs or losses. This includes the actual result on completed disposals of WE assets and actual investment expenses relating to disposal of the respective assets.
- 6. Elimination of cross-shareholding between MAS and associate**
Elimination of the proportionate part of the financial asset recognised by the associate representing MAS shares, at cost. Weighted number of shares for the period and Closing number of shares for proportionate accounting purposes are computed by elimination of MAS' 40% share of own shares acquired by the associate.

A reconciliation of the amounts reported in these consolidated annual financial statements to the proportionate accounts is presented in note 27.

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Year ended 30 June 2021	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
EARNINGS	71,742	29,949	25,957	5,519	10,317	32,699	6,531	(9)	25,557	620	104,441	36,480	25,948	31,076	10,937
DISTRIBUTABLE EARNINGS	42,439	19,312	14,548	13,026	(4,447)	(1,825)	-	-	-	(1,825)	40,614	19,312	14,548	13,026	(6,272)
Net rental income – income property	50,388	26,051	4,833	19,504	-	-	-	-	-	-	50,388	26,051	4,833	19,504	-
Net income – preference shares	9,193	-	9,193	-	-	-	-	-	-	-	9,193	-	9,193	-	-
Net dividends – listed securities ¹	2,690	-	-	-	2,690	(1,825)	-	-	-	(1,825)	865	-	-	-	865
Net corporate expenses	(4,913)	(878)	(333)	(600)	(3,102)	-	-	-	-	-	(4,913)	(878)	(333)	(600)	(3,102)
Interest on debt financing	(14,516)	(5,406)	(342)	(4,988)	(3,780)	-	-	-	-	-	(14,516)	(5,406)	(342)	(4,988)	(3,780)
Interest capitalised on developments	1,304	-	1,304	-	-	-	-	-	-	-	1,304	-	1,304	-	-
Other distributable net income/(cost)	(650)	(415)	(82)	(38)	(115)	-	-	-	-	-	(650)	(415)	(82)	(38)	(115)
Income tax	(1,057)	(40)	(25)	(852)	(140)	-	-	-	-	-	(1,057)	(40)	(25)	(852)	(140)
NON-DISTRIBUTABLE EARNINGS	29,303	10,637	11,409	(7,507)	14,764	34,524	6,531	(9)	25,557	2,445	63,827	17,168	11,400	18,050	17,209
Fair value adjustments – income property ⁵	26,461	15,922	11,436	(897)	-	(9,295)	-	-	(9,295)	-	17,166	15,922	11,436	(10,192)	-
Fair value adjustments – interest rate	532	354	-	675	(497)	-	-	-	-	-	532	354	-	675	(497)
Fair value adjustments – listed securities ¹	12,610	-	-	-	12,610	1,825	-	-	-	1,825	14,435	-	-	-	14,435
Fair value adjustments – other financial	(319)	43	-	(362)	-	-	-	-	-	-	(319)	43	-	(362)	-
Foreign currency exchange differences	3,490	-	-	-	3,490	-	-	-	-	-	3,490	-	-	-	3,490
Investment expenses ⁵	(4,666)	(5)	(6)	(4,605)	(50)	4,118	-	-	4,118	-	(548)	(5)	(6)	(487)	(50)
Share-based payment expense ³	(1,708)	(1,088)	-	-	(620)	1,708	1,088	-	-	620	-	-	-	-	-
Other non-distributable income/(cost)	655	854	(30)	-	(169)	-	-	-	-	-	655	854	(30)	-	(169)
Tax on sale of property	(10,713)	-	-	(10,713)	-	-	-	-	-	-	(10,713)	-	-	(10,713)	-
Deferred tax ⁴	2,961	(5,443)	9	8,395	-	5,434	5,443	(9)	-	-	8,395	-	-	8,395	-
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	30,734	-	-	30,734	-	30,734	-	-	30,734	-
<i>Adjusted distributable earnings per share</i>											5.93				
<i>Dividend per share (eurocents)</i>											5.93				

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As at 30 June 2021	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	869,423	464,427	285,155	146,049	(26,208)	(32,465)	10,086	(15,418)	(27,133)	-	836,958	474,513	269,737	118,916	(26,208)
ASSETS	1,360,189	497,745	318,765	269,771	273,908	(33,920)	(14,350)	(19,570)	-	-	1,326,269	483,395	299,195	269,771	273,908
Income property	755,723	455,733	88,388	211,602	-	-	-	-	-	-	755,723	455,733	88,388	211,602	-
Developments – income property	28,719	2,908	25,811	-	-	-	-	-	-	-	28,719	2,908	25,811	-	-
Developments – residential property	28,739	-	28,739	-	-	-	-	-	-	-	28,739	-	28,739	-	-
Preference shares	148,640	-	148,640	-	-	-	-	-	-	-	148,640	-	148,640	-	-
Listed securities ⁶	53,150	-	19,570	-	33,580	(19,570)	-	(19,570)	-	-	33,580	-	-	-	33,580
Goodwill ²	1,696	1,696	-	-	-	(1,696)	(1,696)	-	-	-	-	-	-	-	-
Deferred tax asset	3,600	1,682	130	1,788	-	-	-	-	-	-	3,600	1,682	130	1,788	-
Other assets	738	201	331	132	74	-	-	-	-	-	738	201	331	132	74
VAT receivable	2,498	152	1,253	727	366	-	-	-	-	-	2,498	152	1,253	727	366
Share-based payment prepayments ³	12,654	12,654	-	-	-	(12,654)	(12,654)	-	-	-	-	-	-	-	-
Trade and other receivables	32,923	6,419	1,871	24,493	140	-	-	-	-	-	32,923	6,419	1,871	24,493	140
Cash and cash equivalents	291,109	16,300	4,032	31,029	239,748	-	-	-	-	-	291,109	16,300	4,032	31,029	239,748
LIABILITIES	490,766	33,318	33,610	123,722	300,116	(1,455)	(24,436)	(4,152)	27,133	-	489,311	8,882	29,458	150,855	300,116
Debt financing	419,343	-	12,434	111,896	295,013	-	-	-	-	-	419,343	-	12,434	111,896	295,013
Interest rate derivative financial liabilities	848	-	-	848	-	-	-	-	-	-	848	-	-	848	-
Other liabilities	1,138	-	1,138	-	-	-	-	-	-	-	1,138	-	1,138	-	-
Deferred tax liability ⁴	28,588	24,436	4,152	-	-	(28,588)	(24,436)	(4,152)	-	-	-	-	-	-	-
Trade and other payables	40,849	8,882	15,886	10,978	5,103	-	-	-	-	-	40,849	8,882	15,886	10,978	5,103
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	27,133	-	-	27,133	-	27,133	-	-	27,133	-
Closing number of shares in issue											676,094,408				
NAV per share (eurocents)	129	69	42	22	(4)										
Tangible NAV per share (eurocents)											124	70	40	18	(4)

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Year ended 30 June 2020	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
EARNINGS	(21,615)	7,704	16,431	7,446	(53,196)	(17,378)	8,853	3,607	(52,690)	22,852	(38,993)	16,557	20,038	(45,244)	(30,344)
DISTRIBUTABLE EARNINGS	52,516	22,636	11,234	18,037	609	(3,094)	-	-	-	(3,094)	49,422	22,636	11,234	18,037	(2,485)
Net rental income – income property	55,884	27,570	2,321	25,993	-	-	-	-	-	-	55,884	27,570	2,321	25,993	-
Net income – preference shares	7,880	-	7,880	-	-	-	-	-	-	-	7,880	-	7,880	-	-
Net dividends – listed securities ¹	6,190	-	-	-	6,190	(3,094)	-	-	-	(3,094)	3,096	-	-	-	3,096
Net corporate expenses	(5,976)	(552)	(191)	(752)	(4,481)	-	-	-	-	-	(5,976)	(552)	(191)	(752)	(4,481)
Interest on debt financing	(12,668)	(3,695)	(802)	(6,363)	(1,808)	-	-	-	-	-	(12,668)	(3,695)	(802)	(6,363)	(1,808)
Interest capitalised on developments	2,173	-	2,173	-	-	-	-	-	-	-	2,173	-	2,173	-	-
Other distributable net income/(cost)	305	(488)	(79)	(9)	881	-	-	-	-	-	305	(488)	(79)	(9)	881
Income tax	(1,272)	(199)	(68)	(832)	(173)	-	-	-	-	-	(1,272)	(199)	(68)	(832)	(173)
NON-DISTRIBUTABLE EARNINGS	(74,131)	(14,932)	5,197	(10,591)	(53,805)	(14,284)	8,853	3,607	(52,690)	25,946	(88,415)	(6,079)	8,804	(63,281)	(27,859)
Fair value adjustments – income property	(2,055)	(5,060)	9,123	(6,118)	-	-	-	-	-	-	(2,055)	(5,060)	9,123	(6,118)	-
Fair value adjustments – interest rate derivatives	(2,299)	(218)	-	(2,081)	-	-	-	-	-	-	(2,299)	(218)	-	(2,081)	-
Fair value adjustments – listed securities ¹	(27,064)	-	-	-	(27,064)	3,094	-	-	-	3,094	(23,970)	-	-	-	(23,970)
Fair value adjustments – other financial liabilities	(1,865)	(2,058)	(265)	458	-	2,058	2,058	-	-	-	193	-	(265)	458	-
Foreign currency exchange differences	(935)	-	1	-	(936)	-	-	-	-	-	(935)	-	1	-	(936)
Goodwill impairment ²	(29,453)	(6,826)	-	-	(22,627)	29,453	6,826	-	-	22,627	-	-	-	-	-
Investment expenses	(4,272)	(801)	(44)	(603)	(2,824)	-	-	-	-	-	(4,272)	(801)	(44)	(603)	(2,824)
Share-based payment expense ³	(648)	(423)	-	-	(225)	648	423	-	-	225	-	-	-	-	-
Other non-distributable income/(cost)	(140)	-	(11)	-	(129)	-	-	-	-	-	(140)	-	(11)	-	(129)
Tax on sale of property	(61)	-	-	(61)	-	-	-	-	-	-	(61)	-	-	(61)	-
Deferred tax ⁴	(5,339)	454	(3,607)	(2,186)	-	3,153	(454)	3,607	-	-	(2,186)	-	-	(2,186)	-
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	(52,690)	-	-	(52,690)	-	(52,690)	-	-	(52,690)	-
<i>Adjusted distributable earnings per share (eurocents)</i>											7.35				
<i>Dividend per share (eurocents)</i>											4.24				

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As at 30 June 2020	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	796,023	299,283	212,729	282,400	1,611	(52,369)	4,132	(3,811)	(52,690)	-	743,654	303,415	208,918	229,710	1,611
ASSETS	1,317,243	473,178	229,818	543,505	70,742	(23,369)	(15,396)	(7,973)	-	-	1,293,874	457,782	221,845	543,505	70,742
Income property	1,007,451	435,699	45,116	526,636	-	-	-	-	-	-	1,007,451	435,699	45,116	526,636	-
Developments – income property	41,682	907	40,775	-	-	-	-	-	-	-	41,682	907	40,775	-	-
Developments – residential property	15,322	-	15,322	-	-	-	-	-	-	-	15,322	-	15,322	-	-
Preference shares	111,630	-	111,630	-	-	-	-	-	-	-	111,630	-	111,630	-	-
Listed securities ⁶	43,469	-	7,973	-	35,496	(7,973)	-	(7,973)	-	-	35,496	-	-	-	35,496
Goodwill ²	1,696	1,696	-	-	-	(1,696)	(1,696)	-	-	-	-	-	-	-	-
Deferred tax asset	3,519	2,218	125	1,176	-	-	-	-	-	-	3,519	2,218	125	1,176	-
Interest rate derivative financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	1,756	464	289	783	220	-	-	-	-	-	1,756	464	289	783	220
VAT receivable	4,465	2	4,028	347	88	-	-	-	-	-	4,465	2	4,028	347	88
Share-based payment prepayments ³	13,700	13,700	-	-	-	(13,700)	(13,700)	-	-	-	-	-	-	-	-
Trade and other receivables	17,768	8,914	1,179	7,366	309	-	-	-	-	-	17,768	8,914	1,179	7,366	309
Cash and cash equivalents	54,785	9,578	3,381	7,197	34,629	-	-	-	-	-	54,785	9,578	3,381	7,197	34,629
LIABILITIES	521,220	173,895	17,089	261,105	69,131	29,000	(19,528)	(4,162)	52,690	-	550,220	154,367	12,927	313,795	69,131
Debt financing	456,484	143,166	4,646	241,999	66,673	-	-	-	-	-	456,484	143,166	4,646	241,999	66,673
Interest rate derivative financial liabilities	4,175	1,930	-	2,245	-	-	-	-	-	-	4,175	1,930	-	2,245	-
Other liabilities	1,349	-	1,054	295	-	-	-	-	-	-	1,349	-	1,054	295	-
Deferred tax liability ⁴	31,586	19,528	4,162	7,896	-	(23,690)	(19,528)	(4,162)	-	-	7,896	-	-	7,896	-
Trade and other payables	27,626	9,271	7,227	8,670	2,458	-	-	-	-	-	27,626	9,271	7,227	8,670	2,458
Estimation for WE disposal realisation costs and losses ⁵	-	-	-	-	-	52,690	-	-	52,690	-	52,690	-	-	52,690	-
Closing number of shares in issue											692,496,344				
NAV per share (eurocents)	115	43	31	41	-										
Tangible NAV per share (eurocents)											107	44	30	33	-

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The reconciliations of distributable earnings for the years ended 30 June 2021, and 30 June 2020 are provided below:

Segment	Adjusted distributable earnings for the six-month period ended 31 Dec 2020	Adjusted distributable earnings for the six-month period ended 30 Jun 2021	Distributable earnings for the financial year ended 30 Jun 2021
CEE	9,746	9,566	19,312
DJV	7,053	7,495	14,548
WE	7,359	5,667	13,026
Co	(2,643)	(3,629)	(6,272)
Total	21,515	19,099	40,614
Weighted average number of shares for the period	689,974,806	680,859,049	
Adjusted distributable earnings per share (eurocents)	3.12	2.81	5.93
Dividend per share (eurocents)	-	-	5.93

Segment	Adjusted distributable earnings for the six-month period ended 31 Dec 2019	Adjusted distributable earnings for the six-month period ended 30 Jun 2020	Distributable earnings for the financial year ended 30 Jun 2020
CEE	12,680	9,956	22,636
DJV	4,920	6,314	11,234
WE	8,691	9,346	18,037
Co	1,259	(3,744)	(2,485)
Total	27,550	21,872	49,422
Weighted average number of shares for the period	649,874,233	703,288,679	
Adjusted distributable earnings per share (eurocents)	4.24	3.11	7.35
Dividend per share (eurocents)	4.24	-	4.24

The Weighted average number of shares and Closing number of shares for the six-month period ended 30 June 2021 are:

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Weighted average
1-Jan-21	Opening	687,294,408	687,294,408	42.5%	292,384,914
18-Mar-21	40% of shares purchased by DJV	(11,200,000)	676,094,408	57.5%	388,474,135
30-Jun-21	Closing	676,094,408	676,094,408	100.0%	680,859,049

The Weighted average number of shares and Closing number of shares for the six-month period ended 31 December 2020 are:

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Weighted average
01-Jul-20	Opening	692,496,344	692,496,344	36.2%	248,395,428
04-Sep-20	40% of shares purchased by DJV	(1,504)	692,494,840	1.6%	11,290,677
07-Sep-20	40% of shares purchased by DJV	(75,654)	692,419,186	0.5%	3,763,148
08-Sep-20	40% of shares purchased by DJV	(850,400)	691,568,786	0.5%	3,758,526
09-Sep-20	40% of shares purchased by DJV	(43,473)	691,525,313	0.5%	3,758,290
10-Sep-20	40% of shares purchased by DJV	(1,227,145)	690,298,168	0.5%	3,751,619
11-Sep-20	40% of shares purchased by DJV	(25,542)	690,272,626	1.6%	11,254,445
14-Sep-20	40% of shares purchased by DJV	(201,544)	690,071,082	2.2%	15,001,545
18-Sep-20	40% of shares purchased by DJV	(603,930)	689,467,152	2.2%	14,988,416
22-Sep-20	40% of shares purchased by DJV	(84,000)	689,383,152	1.6%	11,239,943
25-Sep-20	40% of shares purchased by DJV	(33,174)	689,349,978	2.2%	14,985,869
29-Sep-20	40% of shares purchased by DJV	(600,096)	688,749,882	0.5%	3,743,206
30-Sep-20	40% of shares purchased by DJV	(8,327)	688,741,555	3.8%	26,202,124
07-Oct-20	40% of shares purchased by DJV	(16,830)	688,724,725	4.3%	29,944,553
15-Oct-20	40% of shares purchased by DJV	(192,781)	688,531,944	2.2%	14,968,086
19-Oct-20	40% of shares purchased by DJV	(10,890)	688,521,054	16.8%	116,000,830
19-Nov-20	40% of shares purchased by DJV	(518,383)	688,002,671	2.2%	14,956,580
23-Nov-20	40% of shares purchased by DJV	(80,000)	687,922,671	3.8%	26,170,971
30-Nov-20	40% of shares purchased by DJV	(9,656)	687,913,015	0.5%	3,738,658
01-Dec-20	40% of shares purchased by DJV	(62,756)	687,850,259	0.5%	3,738,317
02-Dec-20	40% of shares purchased by DJV	(555,851)	687,294,408	15.8%	108,323,575
31-Dec-20	Closing	687,294,408	687,294,408	100.0%	689,974,806

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The Weighted average number of shares and Closing number of shares for the six-month period ended 30 June 2020 are:

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Weighted average
01-Jan-20	Opening	704,493,798	704,493,798	85.1%	596,110,137
02-Jun-20	40% of shares purchased by DJV	(1,137,347)	703,356,451	0.5%	3,864,596
03-Jun-20	40% of shares purchased by DJV	(686,977)	702,669,474	0.5%	3,860,821
04-Jun-20	40% of shares purchased by DJV	(543,870)	702,125,604	0.5%	3,857,833
05-Jun-20	40% of shares purchased by DJV	(2,770,030)	699,355,574	2.3%	15,370,452
09-Jun-20	40% of shares purchased by DJV	(824,770)	698,530,804	0.5%	3,838,081
10-Jun-20	40% of shares purchased by DJV	(1,940,000)	696,590,804	0.5%	3,827,422
11-Jun-20	40% of shares purchased by DJV	(3,750)	696,587,054	0.5%	3,827,401
12-Jun-20	40% of shares purchased by DJV	(1,315,684)	695,271,370	3.9%	26,741,207
19-Jun-20	40% of shares purchased by DJV	(485)	695,270,885	1.6%	11,460,509
22-Jun-20	40% of shares purchased by DJV	(130,280)	695,140,605	0.5%	3,819,454
23-Jun-20	40% of shares purchased by DJV	(346,475)	694,794,130	0.5%	3,817,550
24-Jun-20	40% of shares purchased by DJV	(12,082)	694,782,048	0.5%	3,817,484
25-Jun-20	40% of shares purchased by DJV	(114,806)	694,667,242	0.5%	3,816,853
26-Jun-20	40% of shares purchased by DJV	(244,705)	694,422,537	1.6%	11,446,525
29-Jun-20	40% of shares purchased by DJV	(574,193)	693,848,344	0.5%	3,812,354
30-Jun-20	40% of shares purchased by DJV	(1,352,000)	692,496,344	0.0%	-
30-Jun-20	Closing	692,496,344	692,496,344	100%	703,288,679

The Weighted average number of shares and Closing number of shares for the six-month period ended 31 December 2019 are:

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Weighted average
01-Jul-19	Opening	637,493,798	637,493,798	81.5%	519,696,031
27-Nov-19	Shares issued	67,000,000	704,493,798	18.5%	130,178,202
31-Dec-19	Closing	704,493,798	704,493,798	100.0%	649,874,233

4. Investment property held for sale and discontinued operations

During 2019 the Group announced its intention to dispose of part of the WE portfolio during the medium term. Management committed at that time to a plan to sell a limited number of properties included in this segment. For properties identified for disposal at the year ended 30 June 2020, the Group assessed whether the properties met the classification criteria for recognition as held for sale and, as a consequence, excluded from investment property.

Subsequently, the Group reaffirmed its strategic priority to dispose of Western European property, and during the twelve-month period ended 30 June 2021, a comprehensive process to dispose of all properties owned in Germany, UK and Switzerland was put in place and executed as planned. As the properties represent the entire WE portfolio segment, the plan involves the disposal of a significant business segment, identified as such as part of the Group's segmental reporting. Consequently, the Group assessed the properties representing the entire WE portfolio, and concluded these meet the classification criteria for recognition as held for sale and discontinued operations.

Accounting for Investment property held for sale

Properties identified for disposal at 30 June 2021 and 30 June 2020, that met the criteria for classification as held for sale, were presented in the consolidated financial statements as investment properties held for sale at fair value, as the properties were actively marketed and for which it was probable that the sale transactions would occur in the following twelve months from the periods then ended.

This judgement is based on criteria outlined in IFRS 5 which states that the assets should be classified as held for sale and excluded from investment property, if management assesses that the properties are actively marketed, part of a committed plan to sell and an active programme is in place to locate buyers.

Accounting for discontinued operations

Key judgements were made in respect of the WE portfolio as at 30 June 2021, which resulted in the segment meeting the criteria for classification as held for sale and disposal of a significant business segment. Therefore, in accordance with IFRS 5, the entire segment has been treated as a discontinued operation and the consolidated statement of profit or loss for the current and comparative periods separately discloses discontinued operations from the rest of the business.

The results of the WE portfolio for the current and prior periods were removed on a line by line basis from the consolidated statement of profit or loss and the result of the segment was recognised as a single financial statement line item named 'Profit from discontinued operations, net of tax' in the consolidated statement of profit or loss, with further detail provided below.

At 30 June 2021 and 30 June 2020, the Group recognised as held for sale assets actively marketed for which IFRS 5 criteria was met. Properties within the WE segment classified as held for sale are carried at fair value determined by external valuers, as this measurement has been assessed as the most appropriate in accordance with IFRS 5.

Furthermore, the strategic plan involves disposing of assets mostly as asset deals with purchasers, and repayment of bank borrowings secured against the respective investment properties.

During the year ended 30 June 2021, the Group concluded several contracts with purchasers, completed sale processes for several properties and signed a sale purchase agreement ('SPA') for New Uberior House, as detailed below.

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Properties classified as discontinued operations:

Property name	Country	Status	Completion date
New Waverley (PA4N)	UK	Sold during the period	31-Jul-20
Zurich	Switzerland	Sold during the period	15-Oct-20
Heppenheim Park	Germany	Sold during the period	13-Nov-20
Gummersbach	Germany	Sold during the period	13-Nov-20
Donnaueschingen	Germany	Sold during the period	13-Nov-20
Braehead	UK	Sold during the period	13-Nov-20
Chippenham	UK	Sold during the period	18-Dec-20
New Waverley (PA7)	UK	Sold during the period	23-Dec-20
Braunschweig Edeka – Welfenplatz	Germany	Sold during the period	6-Feb-21
Lehrte	Germany	Sold during the period	19-Feb-21
Braunschweig	Germany	Sold during the period	26-Feb-21
Bruchsal (3 blocks)	Germany	Sold during the period	1-Mar-21
Munich	Germany	Sold during the period	1-Mar-21
Edeka Miha (x9 locations)	Germany	Sold during the period	31-Mar-21
Frankenthal	Germany	Sold during the period	31-Mar-21
Edeka Thales (x3 locations)	Germany	Sold during the period	31-Mar-21
Edeka Miha (x4 locations)	Germany	Sold during the period	31-Mar-21
Edeka Miha (x7 locations)	Germany	Sold during the period	31-Mar-21
North Street Quarter	UK	Sold during the period	16-Apr-21
Nordhausen	Germany	Sold during the period	30-Jun-21
Flensburg Galerie	Germany	Held for sale	n/a
Gotha	Germany	Held for sale	n/a
New Uberior House	UK	Held for sale, SPA signed	n/a
Adagio Hotel	UK	Held for sale	n/a
Malling Brooks	UK	Held for sale	n/a
New Waverley, Arches	UK	Held for sale	n/a
Langley Park	UK	Held for sale	n/a

4.1. Profit from discontinued operations, net of tax

	Note	Year ended 30 June 2021	Year ended 30 June 2020
Rental income	5.1	23,326	31,175
Service charge income and other recoveries	5.2	2,500	3,200
Gross revenue		25,826	34,375
Impairment of receivables	5.1; 5.2	(259)	(828)
Service charge and other property operating expenses	5.2	(6,063)	(7,554)
Net rental income		19,504	25,993
Corporate expenses	6	(600)	(752)
Profit on sales of inventory property		-	309
Investment expenses	8	(4,199)	(603)
Fair value adjustments	9	(9,878)	(8,050)
Foreign currency exchange differences		(7)	-
Gain from disposal of investment properties held for sale	4.2	19,610	-
Profit before finance income/(costs)		24,430	16,897
Finance income	10	3	22
Finance costs	10	(15,332)	(6,393)
Profit before tax		9,101	10,526
Current tax		(11,565)	(894)
Deferred tax		8,395	(2,186)
Tax expense	11	(3,170)	(3,080)
Profit from discontinued operations, net of tax		5,931	7,446

The Group elected to present in these consolidated annual financial statements, detailed elements of profit for the year from discontinued operations in comparison with continuing operations, as detailed in each note.

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4.2. Investment property held for sale

Reconciliation of the Group's investment property held for sale:

	Note	As at 30 June 2021	As at 30 June 2020
Opening balance		429,592	92,610
Transfer from investment property	12.1	97,736	332,512
Transfer to inventory property		-	(839)
Disposals		(343,852)	-
Capitalised expenditure ¹		9,275	4,613
Fair value adjustment	9	(10,193)	1,052
Gain from disposal of assets		19,610	-
Foreign currency translation reserve		9,472	(356)
Closing balance		211,640	429,592

¹Of the €9,275 thousand (30 June 2020: €4,613 thousand) capitalised expenditure incurred during the year the Group paid €8,786 thousand (30 June 2020: €4,449 thousand).

Bank loans of €111,896 thousand (30 June 2020: €202,068 thousand) are secured against investment property held for sale with a carrying amount of €192,236 thousand (30 June 2020: €385,396 thousand). For further information on bank loans balances secured against investment property held for sale, refer to note 18.1.

Investment property held for sale has been adjusted to take into account lease incentive accruals of €1,594 thousand. Comparative amounts were included at 30 June 2020: €2,257 thousand, in investment property, as the properties were not held for sale at the period then ended, refer to note 12.1.

Reconciliation of profit from disposal of investment properties held for sale is presented as follows:

Property name	Fair value at completion date	Transaction value	Transaction fees*	Foreign currency translation	Gain/(loss) on disposal
Edeka Miha (x9)	(35,090)	38,640	(645)	-	2,905
Zurich	(27,389)	35,470	-	(384)	7,697
Edeka Thales (x3)	(29,600)	32,380	(587)	-	2,193
Heppenheim	(31,600)	30,263	(860)	-	(2,197)
Gummersbach, Frankenthal and Nordhausen (Impromptu)	(29,470)	28,815	(873)	-	(1,528)
Braunschweig	(24,060)	25,750	(472)	-	1,218
Bruchsal (3 blocks)	(23,000)	24,800	(423)	-	1,377
Munich	(17,500)	23,425	(948)	-	4,977
Chippenham	(27,131)	21,716	(166)	57	(5,524)
North Street Quarter	(17,248)	20,306	-	308	3,366
Edeka Miha (x4)	(14,470)	16,130	(283)	-	1,377
Lehrte	(10,700)	12,090	(302)	-	1,088
Donnaueschingen	(10,400)	10,152	(238)	-	(486)
New Waverley (PA4N and PA7)	(5,376)	8,112	(64)	8	2,680
Braehead	(6,684)	7,953	(4)	-	1,265
Edeka Miha (x7)	(8,551)	7,850	(97)	-	(798)
Total	(318,269)	343,852	(5,962)	(11)	19,610

*Transaction fees incurred and directly related to disposal of investment properties held for sale refer mainly to costs to sell, such as legal fees, property management fees and broker fees, deducted from the transaction value.

Gain from disposal of investment properties held for sale include the fair value of investment properties valued at the date prior to disposing of it, in accordance with the Group's policy to revalue semi-annually its properties by external valuers. Transaction value is in accordance with the sale prices negotiated within SPAs signed.

Additional costs on disposal of assets not deducted from the transaction value, relate to €10,315 thousand incurred by the Group as debt break fees from repayment of bank borrowings secured against investment property held for sale, refer to note 10, and €4,199 thousand of transaction fees incurred prior to the transactions relating to disposal of the properties, and recognised as investment expenses, refer to note 8.

4.3. Cash flows from discontinued operations

	As at 30 June 2021	As at 30 June 2020
Net cash (outflow)/inflow from operating activities	(64,261)	39,138
Net cash inflow/(outflow) from investing activities	320,666	(6,555)
Net cash (outflow) from financing activities	(232,565)	(42,508)
Net cash inflow/(outflow) from discontinued operations	23,840	(9,925)

5. Net rental income

	Note	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations			
Rental income	5.1	34,864	35,659
Service charge income and other recoveries	5.2	10,499	11,191
Gross revenue - continuing operations		45,363	46,850
Impairment of receivables		(6,090)	(4,763)
Service charge and other property operating expenses	5.2	(12,355)	(11,604)
Net rental income - continuing operations		26,918	30,483
Discontinued operations			
Rental income	5.1	23,326	31,175
Service charge income and other recoveries	5.2	2,500	3,200
Gross revenue - discontinued operations		25,826	34,375
Impairment of receivables		(259)	(828)
Service charge and other property operating expenses	5.2	(6,063)	(7,554)
Net rental income - discontinued operations		19,504	25,993
Total			
Rental income	5.1	58,190	66,834
Service charge income and other recoveries	5.2	12,999	14,391
Gross revenue		71,189	81,225
Impairment of receivables		(6,349)	(5,591)
Service charge and other property operating expenses	5.2	(18,418)	(19,158)
Net rental income		46,422	56,476

For disclosures on disaggregation of the Net rental income by segment, refer to note 3.

As disclosed above in note 2, the coronavirus pandemic has had a significant impact in the net rental income of the Group for the duration of the initial lockdown periods (which generally extended between March and June 2020 in CEE, March and May 2020 in Germany and March and August 2020 in the UK). Additional lockdown measures were taken by Polish authorities closing non-essential tenants for three weeks in November 2020, permitted reopening on 28 November and closed again on 28 December up to 1 February 2021. Subsequently, the CEE being hit by another significant pandemic wave, Polish authorities deciding to close non-essential retail from 15 March 2021 to 3 May 2021. Bulgarian authorities closed non-essential retail during the last week of November 2020 reopening on 1 February 2021 and re-introduced closures from 18 March 2021 to 15 April 2021. Excepting Polish indoor food and beverage and leisure tenants being subject to seating capacity limitations, Polish and Bulgarian non-essential retailers restrictions were lifted and no additional constraints were imposed up to date of this report.

Impairments of receivables were recognised as an effect of the lockdowns and other economic consequences caused by the coronavirus pandemic as the expected collectability from the Group's tenants was significantly impacted.

The Group applied the principles of IFRS 16 for revenue recognition in the context of the coronavirus pandemic, as gross rental income and gross service charge income were recognised in full for the lockdown periods, while without qualifying as a lease modification, rent forgiveness was granted to tenants. The forgiveness has been recognised as a loss in the statement of profit or loss, as an impairment of receivables, with a corresponding reduction to the lease receivable in the period in which the reduction is agreed.

All amounts charged to the consolidated statement of profit or loss as described above were treated as receivables impairment, see notes 5.1 and 5.2 below. The impairment amounts split by region and by type (waived amounts and additional specific provisions) is presented below:

At 30 June 2021	Waived	Additional provision	Total impairment of receivables
CEE - continuing operations	4,990	1,100	6,090
Romania	1,078	630	1,708
Bulgaria	1,950	456	2,406
Poland	1,962	14	1,976
WE- discontinued operations	259	-	259
Germany	190	-	190
UK	69	-	69
Total	5,249	1,100	6,349

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At 30 June 2020	Waived	Additional provision	Total impairment of receivables
CEE – continuing operations	3,936	827	4,763
Romania	1,964	288	2,252
Bulgaria	1,022	318	1,340
Poland	950	221	1,171
WE – discontinued operations	700	128	828
Germany	435	-	435
UK	265	128	393
Total	4,636	955	5,591

5.1. Rental income

Accounting policy

Rental income from investment properties subject to operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental income on a straight-line basis over the term of the lease. The term of the lease is the non-cancellable period together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, there is reasonable certainty that the tenant will exercise that option.

Turnover rent represents the portion of the Group's rental income related to variable lease payments. Turnover rent is contingent on the underlying performance of the tenant, as such it is recognised as incurred.

	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations		
Gross rental income	31,566	33,362
Turnover rent	3,298	2,297
Rental income – continuing operations	34,864	35,659
Impairment of receivables	(5,522)	(4,280)
Rental income, net of impairment – continuing operations	29,342	31,379
Discontinued operations		
Gross rental income	23,326	31,175
Impairment of receivables	(259)	(828)
Rental income, net of impairment – discontinued operations	23,067	30,347
Total		
Rental income	54,892	64,537
Turnover rent	3,298	2,297
Rental income	58,190	66,834
Impairment of receivables	(5,781)	(5,108)
Rental income, net of impairment	52,409	61,726

Turnover rent represents the portion of the Group's rental income related to variable lease payments.

Out of the Group's total rental income during the periods presented, no single tenant represented a quantum of more than 10%.

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

	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2020
			continuing and discontinued operations
	excluding discontinued operations		
No later than 1 year	33,301	34,197	64,633
1-2 years	27,702	32,717	62,704
2-3 years	17,323	29,117	58,071
3-4 years	11,956	20,249	48,010
4-5 years	9,122	10,891	37,490
Greater than 5 years	24,366	22,503	162,949
Total	123,770	149,674	433,857

All amounts in € thousand unless otherwise stated.

The table above presents the future aggregate minimum rental receivable for the financial year ended 30 June 2021 and year ended 30 June 2020. Future minimum rental receivable for the financial year ended 30 June 2020 include future minimum rental receivable from WE assets which for the period then ended were not classified as held for sale. For the financial year ended 30 June 2021, the WE portfolio was excluded from the presentation, as discontinued operations are deemed to not generate significant future rental receivables until disposal date.

5.2. Service charge

Accounting policy

Service charge income and other recoveries

The Group has lease agreements in terms of which costs relating to common areas and general services are shared amongst tenants. The costs that can be recharged are specified in the lease agreements and are separately invoiced and represent distinct non-lease components.

As specified in the lease agreements, the Group typically has the primary responsibility for providing services to tenants (such as electricity, water and gas utilities, interior and exterior cleaning, security, maintenance and repairs). These contracts are concluded between the Group subsidiaries which own the properties and the direct supplier.

As the Group sometimes uses the same providers for services across its portfolio, it can negotiate better prices through economies of scale. The Group is considered principal in these transactions, per IFRS 15 'Revenue from Contracts with Customers' requirements.

The Group negotiates and pays all expenses incurred by the tenants and then re-invoices these costs to them as defined in the contractual clauses included in the lease agreements. A flat fee is charged monthly during the year. This fee is estimated based on the previous year's actual costs, with an annual service charge reconciliation performed based on current year's actual costs incurred by the Group. For contracts terminated during the year, the Group estimates the service charge to be collected based on the current budget and last year's actual costs.

The Group has elected to apply the practical expedient in paragraph 121 of IFRS 15 'Revenue from Contracts with Customers' and does not disclose information about remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.

Service charge and other property operating expenses

Service charge and other property operating expenses are expenses incurred in relation to the properties held by the Group. These expenses comprise of direct expenses in relation to income-generating properties and are recognised in profit or loss in the period in which they are incurred, on an accrual basis.

Employee costs which relate to the operating of investment properties are included in property operating expenses to the extent that they relate to income-generating properties. They are capitalised where they relate to development properties.

	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations		
Gross service charge income	10,499	11,191
Impairment of receivables	(568)	(483)
Service charge and other recoveries, net – continuing operations	9,931	10,708
Property expenses	(7,722)	(7,626)
Property management expense	(2,585)	(2,381)
Marketing fees	(1,592)	(1,127)
Insurance expense	(158)	(159)
Other service charge expenses	(298)	(311)
Service charge and other property operating expenses – continuing operations	(12,355)	(11,604)
Net service charge – continuing operations	(2,424)	(896)
Discontinued operations		
Gross service charge income	2,500	3,200
Service charge and other recoveries, net – discontinued operations	2,500	3,200
Property expenses	(5,431)	(6,593)
Property management expense	-	(113)
Insurance expense	(534)	(650)
Other service charge expenses	(98)	(198)
Service charge and other property operating expenses – discontinued operations	(6,063)	(7,554)
Net service charge – discontinued operations	(3,563)	(4,354)

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	Year ended 30 June 2021	Year ended 30 June 2020
Total		
Gross service charge income	12,999	14,391
Impairment of receivables	(568)	(483)
Service charge and other recoveries, net	12,431	13,908
Property expenses	(13,153)	(14,219)
Property management expense	(2,585)	(2,494)
Marketing fees	(1,592)	(1,127)
Insurance expense	(692)	(809)
Other service charge expenses	(396)	(509)
Service charge and other property operating expenses	(18,418)	(19,158)
Net service charge	(5,987)	(5,250)

6. Corporate expenses

Accounting policy

Corporate expenses include items such as: employee costs, office and administration expenses, professional fees (legal, accounting, audit), depreciation, etc. These are recognised in profit or loss in the period in which they are incurred.

Employee costs are considered corporate expenses, to the extent these do not relate to operating investment properties (which are recognised as property management expenses) or development of properties (which are capitalised).

	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations		
Share-based payments	(1,396)	(610)
Audit and accounting fees	(1,321)	(995)
Legal and professional	(1,086)	(1,401)
Employee costs and non-executive director fees	(861)	(2,053)
Office and administration expenses	(806)	(273)
Depreciation	(181)	(318)
Investor communications	(76)	(96)
Listing fees	(46)	(102)
Net earnings from management services	73	85
Corporate expenses – continuing operations	(5,700)	(5,763)
Discontinued operations		
Employee costs and non-executive director fees	-	(303)
Legal and professional	(276)	(215)
Office and administration expenses	(186)	(175)
Audit and accounting fees	(138)	(59)
Corporate expenses – discontinued operations	(600)	(752)
Total		
Share-based payments	(1,396)	(610)
Audit and accounting fees	(1,459)	(1,044)
Legal and professional	(1,362)	(1,616)
Employee costs and non-executive director fees	(861)	(2,356)
Office and administration expenses	(992)	(448)
Depreciation	(181)	(318)
Investor communications	(76)	(106)
Listing fees	(46)	(102)
Net earnings from management services	73	85
Corporate expenses	(6,300)	(6,515)

7. Other income

Accounting policy

Other income includes dividend income from direct financial investments, dividend income earned on contracts for difference ("CFDs") and other income that cannot be directly attributed to investment property.

Dividend income earned on direct financial investments is recognised in profit or loss on the date on which the Group's right to receive payment is established. Such dividends are disclosed gross of tax, with any tax consequences included as part of tax, as the Group is liable to settle the related taxes. Where financial investments are held via CFDs, swaps or similar instruments, dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established, net of tax, as the Group's counterparty is liable for the related taxes.

	Year ended 30 June 2021	Year ended 30 June 2020
Dividend income earned on direct financial investments	962	861
Dividend income earned on CFDs	1,728	5,447
Other income	2,690	6,308

The amount of tax on dividends from direct financial investments for the period was €nil thousand (30 June 2020: €930 thousand).

Dividend income earned on CFDs is recognised on the date on which the Group's right to receive payment is established, net of tax, as the Group's counterparty is liable for the related taxes.

The Group has disposed of all CFDs during the financial year ended 30 June 2021.

8. Investment expenses

Accounting policy

Investment expenses are incurred in the process of acquiring and disposing of investment property and listed real estate equity securities that are not capitalised. They are recognised in profit or loss in the period in which they are incurred.

	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations		
Transaction fees on disposal of investment property	(414)	(1,217)
Transaction fees on business combinations and costs related to material transactions	-	(2,190)
Other investment expenses	(217)	(520)
Investment expenses – continuing operations	(631)	(3,927)
Discontinued operations		
Transaction fees on disposal of investment property	(4,199)	(67)
Transaction fees on business combinations and costs related to material transactions	-	(496)
Other investment expenses	-	(40)
Investment expenses – discontinued operations	(4,199)	(603)
Total		
Transaction fees on disposal of investment property	(4,613)	(1,284)
Transaction fees on business combinations and costs related to material transactions	-	(2,686)
Other investment expenses	(217)	(560)
Investment expenses	(4,830)	(4,530)

Transaction fees on disposal of investment property

From the total amount of €4,613 thousand (30 June 2020: €1,284 thousand) of investment expenses incurred by properties considered discontinued operations, €4,199 thousand (30 June 2020: €67 thousand) represented transaction fees directly attributable to disposals of investment property held for sale, while an additional €414 thousand (30 June 2020: €1,217 thousand) were incurred by corporate entities servicing multiple subsidiaries, mainly relating to legal fees attributable to entire portfolio.

9. Fair value adjustments

The following items are measured at fair value at the reporting date with changes in fair value being recognised within fair value adjustments in profit or loss in the period in which they occur:

	Note	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations			
Gain/(loss) on fair value of investment property	12.1	15,921	(5,060)
Gain/(loss) on fair value of financial investments	17.1	12,114	(27,064)
Gain/(loss) on fair value of financial assets	20.2	43	(2,833)
Gain on fair value of financial liabilities	19	354	608
Fair value adjustments - continuing operations		28,432	(34,349)
<i>Detailed as follows:</i>			
Change in fair value of investment property			
Income property	12.1	15,921	(5,060)
		15,921	(5,060)
Change in fair value of financial investments			
Direct financial investments	17.1	5,376	1,663
Contracts for difference	17.1	7,234	(28,727)
Other fair value movements from financial investments	17.1	(496)	-
		12,114	(27,064)
Change in fair value of financial assets			
Incentive share participants	20.2	43	(2,058)
Interest rate swaps		-	(775)
		43	(2,833)
Change in fair value of financial liabilities			
Interest rate swaps	19	354	608
		354	608
Discontinued operations			
(Loss)/gain on fair value of investment property held for sale	4.2	(10,022)	1,052
Loss on fair value of investment property and land bank	4.2	(171)	(7,479)
Gain/(loss) on fair value of financial liabilities	19	315	(1,623)
Fair value adjustments - discontinued operations		(9,878)	(8,050)

10. Finance income and finance costs

Accounting policy

Finance income and finance costs include the following:

- Interest income from financial assets held at amortised cost;
- Interest expense from financial liabilities held at amortised cost;
- Negative interest on bank deposits; and
- Debt break fees on repayment of bank loans.

Finance income and costs are recognised using the effective interest method.

	Note	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations			
Finance income			
Income on PKM Development preference shares	17.4;19	15,322	13,133
Interest on bank deposits and other finance income		75	98
		15,397	13,231
Finance costs			
Interest on bank loans	18.1	(6,520)	(7,442)
Bonds borrowing costs	18.1	(1,588)	-
Debt break fees	18.1	(956)	-
Negative interest on bank deposits and other finance expense		(337)	(60)
		(9,401)	(7,502)
Discontinued operations			
Finance income			
Interest on bank deposits and other finance income		3	22
		3	22

	Note	Year ended 30 June 2021	Year ended 30 June 2020
Finance costs			
Interest on bank loans	18.1	(4,983)	(6,363)
	4.2;		
Debt break fees	18.1	(10,315)	-
Negative interest on bank deposits and other finance expense		(34)	(30)
		(15,332)	(6,393)
Total			
Finance income		15,400	13,253
Finance costs		(24,733)	(13,895)

11. Taxation

Accounting policy

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the reporting period plus/minus 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and current tax liabilities can be offset if, and only if, the entity has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability.

Deferred tax

Deferred tax 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 tax 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; and
- 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.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax 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.

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. The Group recognises deferred taxes on temporary differences on an asset by asset basis. The amount of deferred tax 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 calculating deferred tax on investment property there is a rebuttable presumption that the carrying amount is realised through sale.

MAS is registered in the BVI but it is not subject to income tax in that jurisdiction as it is tax resident in the Isle of Man. Operating subsidiaries of the Group, however, are subject to tax in the jurisdictions in which they operate and, potentially, in the jurisdictions through which the subsidiary investment companies are held. The current tax expense incurred by the Group reflects tax accrued in its subsidiaries located in Romania, Bulgaria, Poland, Germany, Switzerland, the Netherlands, Luxembourg, the United Kingdom, Jersey and the Isle of Man.

Output Value Added Tax (VAT) related to sales is payable to tax authorities on either the collection of receivables from customers or the delivery of services to customers depending on which occurs first. Input VAT is generally recoverable against output VAT upon receipt of the invoice. The tax authorities in individual countries permit the settlement of VAT on a net basis. VAT relating to sales and purchases is recognised in the statement of financial position on a net basis and is disclosed separately as an asset or liability, as the case may be. Where provision has been made for impairment of receivables, the loss is recorded for the gross amount of the debt, including VAT.

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The Group's tax includes the following:

	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations		
Current tax	180	530
Deferred tax	5,443	(223)
Tax expense – continuing operations	5,623	307
Discontinued operations		
Current tax	11,565	894
Deferred tax	(8,395)	2,186
Tax expense – discontinued operations	3,170	3,080
Total		
Current tax	11,745	1,424
Deferred tax	(2,952)	1,963
Tax expense	8,793	3,387

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

	Applicable rate %	Year ended 30 June 2021 Tax	Applicable rate %	Year ended 30 June 2020 Tax
Continuing operations				
Income/corporation tax				
Isle of Man	-	-	-	-
Jersey	-	-	-	-
Poland	19.0	(23)	19.0	(240)
Netherlands	20.0	(124)	20.0	(110)
Luxembourg	17.0	(10)	17.0	-
Bulgaria	10.0	-	10.0	-
Romania	16.0	(5)	16.0	-
		(162)		(350)
Withholding tax				
UK	20.0	-	20.0	(127)
Romania	15.0	(18)	15.0	-
Poland	5.0	-	5.0	(53)
Netherlands	15.0	-	15.0	-
		(18)		(180)
Continuing operations - Current tax		(180)		(530)
Discontinued operations				
Income/corporation tax				
UK – income tax	20.0	-	20.0	(137)
UK – corporation tax	19.0	(1,451)	19.0	(383)
Germany	15.8	(5,369)	15.8	(331)
Switzerland	26.8	(4,707)	26.8	(4)
		(11,527)		(855)
Wealth tax				
Switzerland	0.2	-	0.2	-
Luxembourg	0.5	(38)	0.5	(39)
		(38)		(39)
Discontinued operations - Current tax		(11,565)		(894)

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Reconciliation of deferred tax:

	Year ended 30 June 2021	Year ended 30 June 2020
Net deferred tax liability brought forward	(24,031)	(21,990)
Current year deferred tax movement	2,952	(1,963)
Foreign currency translation difference in OCI	113	(78)
Net deferred tax liability carried forward	(20,966)	(24,031)

The net deferred tax liability is split as follows:

	As at 30 June 2021	As at 30 June 2020
Deferred tax asset	3,470	3,394
Deferred tax liability	(24,436)	(27,425)
Net deferred tax liability	(20,966)	(24,031)

Deferred tax asset and liability result from the following types of differences:

	Year ended 30 June 2021	Year ended 30 June 2020
Revaluation of investment property and investment property cumulative statutory tax allowance	1,302	1,171
Fiscal losses	1,852	1,985
Other deductible temporary differences	316	238
Deferred tax asset	3,470	3,394
Revaluation of investment property and investment property cumulative statutory tax allowance	(25,204)	(28,665)
Other taxable temporary differences	768	1,240
Deferred tax liability	(24,436)	(27,425)
Net deferred tax liability	(20,966)	(24,031)

Reconciliation of effective tax rate:

	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations		
Profit/(loss) before tax	71,434	(27,326)
Applicable Group weighted average tax rate	3.5%	4.0%
Net tax expense based on applicable Group weighted tax rate	2,500	(1,093)
Reconciling items		
Fiscal losses used	405	155
Non-deductible expenses	167	626
Non-taxable income	(1)	(823)
Effect of losses without tax impact	2,483	1,432
Effect of other taxes applicable in different jurisdictions within the Group	69	10
Net tax expense	5,623	307
Effective tax rate	7.9%	(1.1) %
Discontinued operations		
Profit before tax	9,101	10,526
Applicable Group weighted average tax rate	26.8%	23.7%
Net tax expense based on applicable Group weighted tax rate	2,439	2,495
Reconciling items		
Fiscal losses used	25	-
Non-deductible expenses	876	143
Non-taxable income	(1,191)	(315)
Effect of losses without tax impact	939	382
Effect of other taxes applicable in different jurisdictions within the Group	82	375
Net tax expense	3,170	3,080
Effective tax rate	34.8%	29.3%
Weighted average effective tax rate – continuing and discontinued operations	10.9%	(20.2)%

Applicable Group weighted average tax rate has been determined using the applicable tax rate in each jurisdiction the Group operates in.

All amounts in € thousand unless otherwise stated.

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There has been no change in the applicable tax rates in the Group's jurisdictions. The primary reason for the increase in the effective tax rate from (20.2)% for the year ended 30 June 2020 to 10.9% for the year ended 30 June 2021 is a result of the following:

- changes in the geographical mix of taxable profits;
- effect of losses without effective tax impact from subsidiaries reporting losses for the year;
- increase in non-taxable income in respect of discontinued operations, and
- profit before tax in the current financial year compared to prior financial year losses.

12. Investment property

12.1. Investment property

Accounting policy

1) Investment property – initial recognition and measurement

The Group's investment property is comprised of:

- Income property
- Development property
- Land bank
- Investment property held for sale

Income property

Income properties are held to earn rental income, for capital appreciation or for both.

Income property is initially recognised at cost. The cost of income property acquired by any other means than a business combination consists of the purchase price (including related transaction costs) and directly attributable expenditure. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent expenditure relating to income property is capitalised when future economic benefits from the use of the asset are probable and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense during the period it is incurred.

After initial recognition, income properties are measured at fair value.

Development property and land bank

Property that is being constructed or developed for future use as income property is classified as development property and carried at cost until construction or development is complete, or until its fair value can be reliably determined.

The land on which development properties are constructed is carried at fair value.

Advances for developments are generally for land bank or other properties; these are generally subject to pre-conditions to be met by the seller. They are presented as part of development property in the consolidated statement of financial position.

Land bank refers to land plots held for future development. Land bank is initially recognised at cost. The cost of land bank acquired by any other means than a business combination consists of the purchase price (including related transaction costs) and directly attributable expenditure. Transaction costs include transfer taxes, professional fees for legal services etc. After initial recognition, land bank properties are measured at fair value.

Investment property held for sale

An investment property is classified as held for sale when it is expected that its carrying amount will be recovered principally through sale rather than from continuing use.

For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable:

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The measurement requirements of IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations', do not apply to investment property, as such investment property continues to be measured at fair value once transferred to investment property held for sale.

Inventory property

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

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessary to make the sale, considering the time value of money if material.

The cost of inventory property recognised on disposal in the consolidated statement of profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Leasing fees

Leasing fees incurred before the property was operational are capitalised against the asset to which they relate. These are assumed to have contributed to the decision to build the property.

Borrowing costs capitalised

Interest-bearing borrowings are allocated to either specific or general borrowings. Specific or general borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. These are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all the development work is completed. The capitalisation of interest is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

2) Investment property – measurement of fair values

Valuation process for level 3 investment property

Fair value of investment property is determined semi-annually, on 30 June and 31 December, by external, independent professional valuers, with appropriate and recognised qualifications and recent experience in the location and category of property being valued. For details of the respective valuers used by the Group in its valuation process at 30 June 2021, refer to page 141. For all investment properties their current values equate to the highest and best use.

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 techniques used.

Valuation techniques and significant unobservable inputs

Discounted cash flows (DCF) method:

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.

Unobservable inputs used in the DCF valuation model are risk adjusted discount rates, net rental income, net rental income growth, unrecoverable capital expenditures etc. The most significant inputs are considered to be the net rental income and the valuation yield; the estimated fair value would increase/(decrease) if the expected net rental income was higher/(lower) and/or the yield was lower/(higher).

Capitalisation method:

The valuation model considers the value of the property based on actual location, size and quality of the property taking into account market data and the capitalisation rate of future income streams at the valuation date. Significant unobservable inputs used in the capitalisation rate model are the capitalisation rate and the estimated rental value. The estimated fair value would increase/(decrease) if either the yield was lower/(higher) or if the estimated market rent were higher/(lower).

Residual method:

The valuation model considers the gross development value of the property based on an independent view of market values for the completed development less any build costs. The method starts with an estimation of the value of the completed development, normally referred to as the Gross Development Value (GDV). Thereafter, various costs to complete the development are deducted (including construction costs, professional fees, marketing fees/costs, finance, etc. together with developer's profit); to arrive at a 'residual' site value, which is the price which a developer could afford to pay for the land (and still generate their target profit level). Significant unobservable inputs used in the residual method are the gross development value and the profit on GDV. The estimated fair value would increase/(decrease) if the GDV were higher/(lower) or if the target profit was lower/(higher).

Purchase price:

The valuation model takes into account the recent acquisition price, which equals the amount a third party would be willing to pay. Significant unobservable inputs used in the purchase price method represents the purchase price for the property. The estimated fair value would increase/(decrease) if the number of the interested parties were higher/(lower) or if the availability of comparable properties were lower/(higher), thus altering the acquisition price.

Firm offers less costs to complete:

Fair value is based on the amount a third party is willing to pay less any costs to complete. Significant unobservable inputs used in the firm offers less costs to complete method are the firm offer and costs to complete (excluding transaction costs). The estimated fair value would increase/(decrease) if the number of the interested parties were higher/(lower) and or, the availability of comparable properties lower/(higher), thus altering the offer price, or the budgeted costs to complete was lower/(higher) and/or, the residential unit price was higher/(lower).

Changes to valuation methods used

There were no changes to valuation methods used in the year ended 30 June 2021 compared to the previous year.

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The Group's investment property comprises:

Type	Detail
Income property	Property held to earn rental income.
Development property	Property under construction, in process of being developed for future use as income property or for sale and land plots to be utilised for future developments.
Land bank	Land plots held for future development.

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

	As at 30 June 2021	As at 30 June 2020
Income-generating property	455,696	532,742
Development property and land bank	2,907	907
	458,603	533,649

At 30 June 2021	Note	Income property	Development property and Land bank	Total
Opening balance		532,742	907	533,649
Transfer to investment property held for sale	4.2	(97,736)	-	(97,736)
Transfer from development property to income property		238	(238)	-
Capitalised expenditure ¹		4,509	2,238	6,747
Fair value adjustment	9	15,921	-	15,921
Foreign currency translation difference		22	-	22
Closing balance		455,696	2,907	458,603

¹ The Group paid €6,467 thousand in relation to capitalised expenditure during the year.

At 30 June 2020	Note	Income property	Development property and Land bank	Total
Opening balance		852,840	19,222	872,062
Transfer to investment property held for sale	4.2	(315,937)	(16,575)	(332,512)
Capitalised expenditure ¹		6,966	1,648	8,614
Fair value adjustment	9	(9,365)	(3,174)	(12,539)
Foreign currency translation difference		(1,762)	(214)	(1,976)
Closing balance		532,742	907	533,649

¹ The Group paid €8,423 thousand in relation to capitalised expenditure during the year.

Lease incentive accrual

Investment property has been adjusted to take into account the lease incentive accruals as follows:

	As at 30 June 2021	As at 30 June 2020
Gross valuation	455,696	534,999
Lease incentive accrual	-	(2,257)
Carrying value	455,696	532,742

*Lease incentive accruals refers to WE investment properties presented as assets held for sale, note 4.2.

Bank loans

The Group fully repaid bank loans secured against investment property, by use of proceeds from bonds issued during the period, please refer to movement in bank loans in note 18.1. At 30 June 2020 bank borrowings of €183,097 thousand were secured against investment property with a carrying amount of €532,742 thousand.

12.2. Valuation sensitivity analysis

Significant inputs and coronavirus impact

At 30 June 2020, the general risk environment in which the Group operates had heightened in the three months prior to the reporting date, largely due to the coronavirus outbreak. For some of the Group's properties, the outbreak had a significant impact on valuations. As at 30 June 2020, the external valuers considered that they could attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The response to the outbreak meant that external valuers were faced with an unprecedented set of circumstances on which to base a judgement. The valuations across all asset classes were therefore reported on the basis of a "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – would have been attached to the valuations provided than would normally be the case. The external valuers have confirmed that the inclusion of the "material valuation uncertainty" declaration did not mean that valuations could not be relied upon. Rather, the phrase was used in order to be clear and transparent with all parties, in a professional manner that – in the extraordinary circumstances – less certainty could have been attached to valuations than would otherwise be the case.

The external valuers considered that by the end of 2020 the real-estate market had recovered and sufficient market evidence existed by the reporting date. Consequently, the valuation reports for all the Group's properties were no longer prepared on the "material valuation uncertainty" basis.

The Group had reviewed the ranges used in assessing the impact of changes in unobservable inputs on the fair value of the Group's property portfolio. There has been no change in valuation methodology used for investment property since coronavirus outbreak. Whilst the property valuations reflect the external valuers' assessment, the Group considered +/-5% for Net Rental Income and +/-0.5% for NRI/BV appropriate to capture the current market conditions in these key valuation assumptions. The results of this analysis are detailed in the sensitivity tables below.

All amounts in € thousand unless otherwise stated.

Other inputs

Ranges of other inputs considered by the valuers in their discounted cash flow models (where such method was applied for the assets' valuation) are presented below:

Year ended 30 June 2021

	Discount rates (unlevered)	Estimated rental value long-term growth rate	Capex reserve as % of Net Rental Income
Retail assets			
Romania	9.7-10.5%	2.5-3.25%	5.0-10.0%
Bulgaria	10.0-10.8%	3.0%	10.0%
Germany – held for sale	5.6-6.5%	0.75-1.0%	8.8-12.0%

Year ended 30 June 2020

	Discount rates (unlevered)	Estimated rental value long-term growth rate	Capex reserve as % of Net Rental Income
Retail assets			
Romania	9.8-10.5%	2.5-3.3%	5.0-10.0%
Bulgaria	10.4-11.2%	3.0%	10.0%
Germany	4.3-6.3%	0.8-2.0%	3.0-15.0%
Industrial & Logistics assets			
Germany	6.0%	1.4-2.0%	6.0%
UK	7.0%	0.0-2.0%	5.0-7.0%
Switzerland	3.5%	0.0%	2.0%

The Hotel and Office type assets are valued under the capitalisation method, therefore are not included in the analysis above.

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									Sensitivity analysis (variance)			
30 June 2021	Location	Type	Valuation Method	Net rental income €	Fair value €	Lease incentive €	Book Value €	NRI/BV %	NRI +5% €	NRI -5% €	NRI/BV -0.5% €	NRI/BV +0.5% €
Investment property, including Investment property held for sale				43,771	667,336	(1,594)	667,336	6.6%	32,548	(32,548)	55,462	(46,891)
CEE income property – continuing operations				33,002	455,696	-	455,696	7.2%	22,786	(22,786)	34,029	(29,583)
Militari Shopping	RO, Bucharest	Retail	DCF	8,207	110,910	-	110,910	7.4%	5,546	(5,546)	8,037	(7,020)
Galleria Burgas	BG, Burgas	Retail	DCF	4,926	75,060	-	75,060	6.6%	3,753	(3,753)	6,190	(5,314)
Nova Park	PL, Gorzów	Retail	Capitalisation	5,996	82,266	-	82,266	7.3%	4,113	(4,113)	6,059	(5,281)
Atrium Mall	RO, Arad	Retail	DCF	4,413	58,170	-	58,170	7.6%	2,909	(2,909)	4,104	(3,597)
Kaufland centres	RO, Various	Retail	DCF	3,099	38,200	-	38,200	8.1%	1,910	(1,910)	2,509	(2,218)
Baia Mare Value Centre	RO, Baia Mare	Retail	DCF	2,630	35,280	-	35,280	7.5%	1,764	(1,764)	2,536	(2,218)
Roman Value Centre	RO, Roman	Retail	DCF	2,656	36,590	-	36,590	7.3%	1,830	(1,830)	2,707	(2,358)
Galleria Stara Zagora	BG, Stara Zagora	Retail	DCF	1,075	19,220	-	19,220	5.6%	961	(961)	1,887	(1,577)
WE income property and land bank – discontinued operations				10,769	211,640	(1,594)	211,640	5.1%	9,762	(9,762)	21,433	(17,308)
New Uberior House	UK, Edinburgh	Office	Capitalisation	5,398	85,774	(1,265)	84,509	6.3%	4,289	(4,289)	7,403	(6,313)
Flensburg Galerie	DE, Flensburg	Retail	DCF	2,337	64,400	(94)	64,306	3.6%	3,220	(3,220)	10,291	(7,799)
Adagio, retail and arches	UK, Edinburgh	Hotel and Retail	Capitalisation	2,129	35,195	(235)	34,960	6.0%	1,760	(1,760)	3,171	(2,687)
Gotha	DE, Gotha	Retail	DCF	905	9,860	-	9,860	9.2%	493	(493)	568	(509)
Malling Brooks NSQ	UK, Lewes	Land	Residual	-	932	-	932	-	-	-	-	-
Langley Park	UK, Chippenham	Land	Residual	-	17,073	-	17,073	-	-	-	-	-
Lease incentive accruals					(1,594)							

Net Rental income (NRI): rental income less non-recoverable property related expenses for properties valued using the discounted cash flow method; estimated rental value for properties valued using the capitalisation method. Information presented in the table above reflects input as included in valuation reports.

All properties except land are valued either by discounted cash flows or by capitalisation method.

Land is valued by residual method.

The Group does not present any sensitivity analysis for the land, as it is not considered relevant – land is valued considering its best use.

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									Sensitivity analysis (variance)			
30 June 2020	Location	Type	Valuation Method	Net rental income €	Fair value €	Lease incentive €	Book Value €	NRI/BV %	NRI +5% €	NRI -5% €	NRI/BV -0.5% €	NRI/BV +0.5% €
Investment property, including Investment property held for sale				62,536	962,334	(2,257)	962,334	6.5%	46,365	(46,365)	78,171	(66,412)
CEE income property				34,219	435,694	-	435,694	7.8%	21,804	(21,804)	29,816	(26,217)
Militari Shopping	RO, Bucharest	Retail	DCF	7,948	104,310	-	104,310	7.6%	5,216	(5,216)	7,326	(6,424)
Galleria Burgas	BG, Burgas	Retail	DCF	6,048	72,590	-	72,590	8.3%	3,630	(3,630)	4,635	(4,110)
Nova Park	PL, Gorzów	Retail	Capitalisation	5,892	82,264	-	82,264	7.1%	4,130	(4,130)	6,226	(5,410)
Atrium Mall	RO, Arad	Retail	DCF	4,418	54,910	-	54,910	8.0%	2,746	(2,746)	3,638	(3,213)
Kaufland centres	RO, Various	Retail	DCF	2,944	36,970	-	36,970	8.0%	1,849	(1,849)	2,477	(2,184)
Baia Mare Value Centre	RO, Baia Mare	Retail	DCF	2,549	31,570	-	31,570	8.1%	1,579	(1,579)	2,084	(1,841)
Roman Value Centre	RO, Roman	Retail	DCF	2,537	33,140	-	33,140	7.7%	1,657	(1,657)	2,315	(2,032)
Galleria Stara Zagora	BG, Stara Zagora	Retail	DCF	1,883	19,940	-	19,940	9.4%	997	(997)	1,115	(1,003)
WE income property and land bank				28,317	526,640	(2,257)	526,640	5.4%	24,561	(24,561)	48,355	(40,195)
Edeka portfolio	DE, Various	Retail	DCF	5,396	90,990	-	90,990	5.9%	4,550	(4,550)	8,377	(7,075)
New Uberior House	UK, Edinburgh	Office	Capitalisation	4,714	83,734	(1,334)	82,400	5.6%	4,187	(4,187)	8,161	(6,830)
DIY portfolio	DE, Various	Retail	DCF	3,399	50,570	-	50,570	6.7%	2,529	(2,529)	4,065	(3,502)
Retail portfolio	DE, Various	Retail	DCF	3,010	57,170	-	57,170	5.3%	2,859	(2,859)	5,998	(4,958)
Flensburg Galerie	DE, Flensburg	Retail	DCF	2,757	67,400	(102)	67,298	4.1%	3,370	(3,370)	9,386	(7,341)
Industrial portfolio	UK, Various	Industrial	DCF	2,650	32,853	(666)	32,187	8.1%	1,643	(1,643)	2,171	(1,917)
Adagio, retail and arches	UK, Edinburgh	Hotel and Retail	Capitalisation	1,954	33,209	(155)	33,054	5.9%	1,660	(1,660)	3,084	(2,601)
Zurich	CH, Buchs	Logistics	DCF	1,287	25,069	-	25,069	5.6%	1,253	(1,253)	2,467	(2,062)
Bruchsal	DE, Bruchsal	Retail	DCF	1,399	22,600	-	22,600	5.7%	1,130	(1,130)	2,175	(1,824)
Gotha	DE, Gotha	Retail	DCF	878	11,100	-	11,100	7.9%	555	(555)	749	(660)
Munich	DE, Munich	Industrial	DCF	873	16,500	-	16,500	5.3%	825	(825)	1,722	(1,425)
Lewes NSQ	UK, Lewes	Land	Residual	-	16,221	-	16,221					
Langley Park	UK, Chippenham	Land	Residual	-	15,782	-	15,782					
New Waverley	UK, Edinburgh	Land	Residual	-	5,699	-	5,699					
Lease incentive accruals					(2,257)							

Net Rental income (NRI): rental income less non-recoverable property related expenses for properties valued using the discounted cash flow method; estimated rental value for properties valued using the capitalisation method. Information presented in the table above reflects input as included in valuation reports.

All properties except land are valued either by discounted cash flows or by capitalisation method.

Land is valued either by residual or by firm offers less costs-to-complete method.

The Group does not present any sensitivity analysis for the land, as it is not considered relevant – land is valued considering its best use.

13. Investment in equity-accounted investee

Accounting policy

Equity-accounted investee comprise investments in associates. Associates are entities in which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but does not result in control or joint control of those entities.

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

The Group's share of interest charged by the Group to the associate and capitalised against qualifying assets that are carried at cost (i.e. not subsequently measured at fair value) in the equity accounted investee is eliminated by deducting it from its share of earnings in the equity accounted investee.

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

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

The part of the financial asset recognised by the associate being MAS shares, representing cross-shareholdings are eliminated.

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

	As at 30 June 2021	As at 30 June 2020
Opening balance	26,736	21,888
Share of profit from equity accounted investee, net of tax	10,629	4,848
Distribution	-	-
Closing balance	37,365	26,736

The Group has an investment in P K M Development Limited (incorporated in the Isle of Man), a holding entity of a group which develops investment property predominantly in Romania, as well as other CEE countries. P K M Development Limited ('PKM Development' or 'DJV') is an associate of the Group, of which the Group owns 40% of the ordinary shares and therefore has significant influence. The remaining 60% of the ordinary shares are owned by Prime Kapital. Prime Kapital provides development services and oversees the development process for the DJV.

In addition to the investment in the ordinary shares, the Group has invested in 7.5% preference shares issued by PKM Development, refer to note 17.4. At the year end the amount invested was €233.3 million (30 June 2020: €178.7 million). The preference shares issued by PKM Development are not considered to be part of the long-term interest that the Group has in PKM Development.

The following table summarises the financial information of PKM Development as included in its own financial statements which are prepared in accordance with IFRS:

Statement of financial position PKM Development	As at 30 June 2021	As at 30 June 2020
Non-current assets	359,849	232,443
Current assets	92,414	63,301
Total assets	452,263	295,744
Non-current liabilities	291,836	210,467
Current liabilities	39,934	18,306
Total liabilities	331,770	228,773
Net assets	120,493	66,971
Percentage of the Group's ownership interest	40%	40%
Un-adjusted Group share of net assets	48,197	26,788
Elimination of cross-shareholding	(10,891)	(111)
Net assets attributable to the Group	37,306	26,677
Capitalised costs	59	59
Carrying amount	37,365	26,736

The majority of PKM Development's non-current assets represent investment property. These properties have been valued by external independent valuers in a manner consistent with the policies disclosed in note 12.

All amounts in € thousand unless otherwise stated.

Statement of profit or loss and other comprehensive income PKM Development	Year ended 30 June 2021	Year ended 30 June 2020
Rental income	13,484	6,636
Service charge income and other recoveries	4,754	2,248
Impairment of receivables	(1,105)	(958)
Service charge and other property operating expenses	(5,295)	(2,228)
Other income	245	102
Corporate expenses	(832)	(477)
Investment expenses	(111)	(216)
Fair value adjustments	50,674	17,496
Foreign currency exchange differences	(205)	(574)
Finance income	24	1,689
Finance costs	(8,069)	(3,723)
Tax expense	(41)	(9,187)
Total profit	53,523	10,808
Percentage of the Groups ownership interest	40%	40%
Total profit and other comprehensive income attributable to the Group	21,409	4,323
Adjustments in respect of interest	-	636
Elimination of cross-shareholding	(10,780)	(111)
Group's share of profit	10,629	4,848

PKM Development has no other comprehensive income.

Acquisition of MAS shares by PKM Development and dealings in securities by an associate of Directors of MAS

Given the predicted longer-term recessionary consequences of the coronavirus pandemic, the DJV has put on hold and is reconsidering the development opportunities previously reported and is positioning for new investment opportunities that may emerge in due course. Investments in listed securities, including MAS' ordinary shares, that could be disposed of to fund developments or other investment opportunities when appropriate, form part of this strategy.

During the financial year ended 30 June 2021, PKM Development has further acquired 41,004,838 MAS shares, bringing its holding to 70,998,476 (30 June 2020: 29,993,638) MAS shares, with a total value of €75,876 thousand at 30 June 2021 (30 June 2020: €20,209 thousand); the weighted average price per security of shares purchased during the financial year was of €0.689 at 30 June 2021 (30 June 2020: €0.665). On consolidation, the 40% proportion of MAS shares are adjusted to their original cost of €19,570 thousand (30 June 2020: €7,973 thousand) so that no gains or losses are recognised on these assets within Share of profit from equity-accounted investee, net of tax. The purchases were conducted on-market on the JSE Limited or via off-market block trades, as announced by the Company. As a result of these transactions Martin Slabbert and Victor Semionov have indirect beneficial interests in the MAS ordinary shares acquired by PKM Development.

14. Intangible assets

Accounting policy

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of net identifiable assets acquired and liabilities assumed.

Goodwill impairment reviews are undertaken at each reporting date or more frequently if events or changes in circumstances indicate a potential impairment. For impairment testing, assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of the CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to CGU.

An impairment loss is recognised if the carrying amount of the CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

	As at 30 June 2021	As at 30 June 2020
Goodwill	1,696	1,696
Intangible assets	1,696	1,696
	As at 30 June 2021	As at 30 June 2020
Goodwill		
MAS Prop	-	-
Spark portfolio	1,628	1,628
Property Management Platform ("PMP")	68	68
	1,696	1,696

All amounts in € thousand unless otherwise stated.

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Reconciliation of goodwill:

	PMP	Spark	MAS Prop	Total
Balance at 30 June 2019	-	8,218	22,034	30,252
Acquisition of subsidiaries	68	-	-	68
Purchase price adjustment	-	236	-	236
Foreign currency translation difference in OCI	-	-	592	592
Impairment	-	(6,826)	(22,626)	(29,452)
Balance at 30 June 2020	68	1,628	-	1,696
Balance at 30 June 2021	68	1,628	-	1,696

Property Management Platform ('PMP')

In November 2016 the Group entered into a joint venture with Prime Kapital Holdings Limited through PKM CEE Investments Limited, in which Prime Kapital's effective economic interest was equivalent to 20% direct participation in the joint venture less the interest cost on the participation funding that is provided by the Group. Under the terms of the joint venture, Prime Kapital provided property investment and management services to the venture on a cost recovery basis. The property investment and management services were provided by three entities, PK Property Management (Bulgaria) EOOD (the "Bulgarian Property Management Platform"); PK Property Management (Poland) sp zoo (the "Polish Property Management Platform"); and Prime Kapital Development S.R.L. (the "Romanian Property Management Platform"), together the "Property Management Platform".

On 27 November 2019, with shareholder approval, the Group acquired the Property Management Platform and Prime Kapital's effective economic interest in the joint venture through the acquisition of the entire share capital of PK Mezz BV and Prime Kapital CEE Property Investment Management Limited (the "Transaction").

The acquisition was part of the Group's strategy of continued investment into CEE to enhance the Group's distributions over the immediate, medium and long-term.

On the referenced date, the Group acquired the Romanian, Bulgarian and Polish property management platform. The acquisition resulted in recognition of goodwill. An impairment test was performed at 30 June 2021, in accordance with the Group's accounting policies, as a result of which no impairment charge arose.

Spark portfolio

On 28 February 2019, the Group acquired 9 properties from PKM Development through the acquisition of 100% of the share capital of the legal entities holding the properties. The acquisitions (collectively referred to as the "Spark portfolio") have all been treated as business combinations as the Group acquired substantially all of the business operations of the entities. Goodwill arose on the acquisition due to the recognition of deferred tax liabilities at the carrying amount as determined by IAS 12 Income Taxes, rather than fair value. IFRS does not permit the deferred tax liabilities to be discounted, which creates a mismatch between the recognition of the consideration at fair value and the deferred tax liabilities at the carrying amount. This difference has been recognised as goodwill. The goodwill arising on the acquisition of the shopping centre portfolio has been allocated to the properties as individual cash generating units.

The Spark portfolio was considered a single Cash Generating Unit ("CGU"). The carrying amount of the CGU, which included goodwill, exceeded its recoverable amount by €6,826 thousand at 30 June 2020, accordingly the goodwill attributable to the CGU was impaired. An impairment test was performed at 30 June 2021, in accordance with the Group's accounting policies, as a result of which no impairment charge arose.

MAS Property Advisors Limited ('MAS Prop')

An impairment test was performed at 31 December 2019 as a result of the acquisition of the Property Management Platform. The Property Management Platform included a change in management to enact the Group's announced strategy to dispose of the Western European portfolio and reinvest in CEE, therefore with no intention to continue its use of the services provided by MAS Prop. Therefore, the acquisition of the platform represented an impairment indicator in respect of the goodwill attributable to MAS Prop. The discount rate used was 5.86% and the budgeted period was 4 years.

The carrying amount of the CGU, which included goodwill, exceeded its recoverable amount by €22,626 thousand, accordingly the goodwill attributable to the CGU has been fully impaired. The recoverable amount of the asset was deemed to be its value in use. In determining the recoverable amount, the Group expects that the income generated by the CGU would significantly decrease as the Western European portfolio is disposed in line with the Group's strategy.

15. Other non-current assets

Accounting policy

Other non-current assets include prepaid equity share-based payments, property, plant and equipment, computer and other licenses, guarantees received from property suppliers and lease incentives.

For the accounting policy regarding share-based payments, please see note 20.2.

Property, plant and equipment and computer and other licenses

Items of property, plant and equipment and computer and other licenses are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Computer and other licences: 1-3 years
- Office improvements: over the term of the underlying lease
- Office equipment: 2-6 years
- Equipment used in owner-managed activities: 3-20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The costs of minor repairs and maintenance are expensed when incurred, while gains and losses on disposals are determined by comparing the proceeds with the carrying amount. Any gain or loss on disposal of an item of property, plant and equipment or computer and other licences is recognised in profit or loss.

All amounts in € thousand unless otherwise stated.

Lease incentives

Lease incentives represent the non-recurring amount granted (in cash or as fit-out works) by the Group, to a new or an existing tenant, in connection with a new or renewed lease. Lease incentives are straight-lined over the lease term. The lease term corresponds to the contractual duration for the majority of the leases, except for the anchor tenants, for which the lease duration is assessed by the Group based on past experience and taking into account factors such as: GLA of the property where the anchor tenant is located, catchment area, dominance/competition in the catchment area or purchasing power.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Other non-current assets include prepaid equity share-based payments, property, plant and equipment, computer and other licenses, guarantees received from property suppliers and lease incentives.

	Note	As at 30 June 2021	As at 30 June 2020
Equity settled share-based payment expense	20.2		
– Incentive Share Participants		1,409	1,059
– PK Prepaid Development Services		7,276	7,918
– Executive Directors		293	1,008
Other intangible assets		-	133
Property, plant and equipment		211	252
Lease incentive accrual	4.2	-	651
Other non-current assets		196	432
Total non-current assets		9,385	11,453

16. Other non-current liabilities

Accounting policy

Other non-current liabilities include security deposits received from tenants and construction suppliers, with an expiry date of more than one year from the reporting date, as well as other non-current liabilities. These are measured at amortised cost.

	As at 30 June 2021	As at 30 June 2020
Security deposits from tenants	1,721	1,613
Security deposits from construction suppliers	277	270
Other non-current liabilities	38	893
Total non-current liabilities	2,036	2,776

17. Financial assets

Accounting policy

Financial instruments

Initial recognition and measurement

Financial instruments are recognised when the Group becomes party to the contractual terms of the instrument. They are initially recognised at fair value plus any directly attributable transaction costs, except for transaction costs attributable to financial instruments classified as at fair value through profit or loss, which are recognised in profit or loss as incurred.

Financial assets

The Group classifies its financial assets into the following categories: financial assets at amortised cost and financial assets at fair value through profit or loss.

Financial assets at amortised cost

Financial assets are classified as financial assets at amortised cost only if both 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.

These financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets measured at amortised cost comprise receivables, cash and cash equivalents, loans granted and the CFD collateral held as cash.

Impairment

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost; lease receivables and contract assets.

For lease receivables, trade receivables and contract assets the Group applies the simplified approach to measuring expected credit losses. Therefore, there is no need to monitor significant increases in credit risk and lifetime expected credit losses are recognised at all times.

For other financial assets such as PKM Development preference shares and capital contribution receivable, as well as undrawn PKM Development preference share commitments, 12-month expected credit losses are recognised where the financial asset is determined to have a low credit risk and for those financial instruments for which the credit risk has not increased significantly since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition the Group considers both quantitative and qualitative information that is reasonably available and such as: financial position, historic and future operating performance, payment delays, covenant breaches and general economic and market conditions.

Lifetime expected credit losses are expected defaults over the expected life of the financial asset. 12 month expected credit losses are expected defaults within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Write-off

Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they do not meet either criteria for classification of a financial asset at amortised cost or if they are held for trading; derivative financial instruments; or financial assets designated as fair value. The Group initially recognises these financial assets at fair value at the trade date. These financial assets are subsequently measured at fair value and changes therein are recognised in profit or loss in the period in which they occur.

Derecognition of financial assets

The Group derecognises a financial asset once when the contractual terms of the asset expire or the asset has been transferred, and the transfer of that asset is subsequently eligible for derecognition.

Financial investments

Financial investments held both directly and through contract for difference agreements are classified as a financial asset at fair value through profit or loss. The fair value measurement of all the Group's direct financial investments, have been categorised as level 1 in the fair value hierarchy as they are traded in active markets and are measured at quoted market prices at the end of the reporting period. The contracts for difference are categorised as level 2. Fair value adjustments in relation to direct financial investments represent the full fair value movement of the direct financial investment portfolio, including fair value movements on purchases and disposals during the year.

Trade and other receivables

The Group's trade and other receivables include financial assets and non-financial assets. The non-financial assets include prepayments, lease incentive accrual and VAT.

Cash and cash equivalents

The group's cash and cash equivalents are financial instruments and are classified as financial assets at amortised cost.

17.1. Financial investments

Financial investments have been classified as fair value through profit or loss. Accordingly, they are measured at fair value at the reporting date with changes in fair value recognised in profit or loss. The Group's financial investments comprise:

	As at 30 June 2021	As at 30 June 2020
Direct financial investments	33,580	-
Contracts for difference collateral held	-	28,406
	33,580	28,406

The Group's financial investments in listed real estate equity securities is used to manage liquidity, including to fund commitments to PKM Developments. At 30 June 2020, the Group had investments in the form of Contracts for Difference ("CFDs") held with a large investment banking company. The CFDs required the Group to maintain a minimum of 40% collateral on all CFD positions. On conversion the Group received cash, referred to as the 'on acquisition funding leg', equal to the difference between the initial collateral amount and the initial notional gross exposure of the CFD. The funding leg, including subsequent variable exposure movements, is recognised as an off-balance item. Variable exposure movements in the market value of the gross CFD positions resulted in the Group receiving or paying funds on a daily basis. Any dividends received on the CFD positions were paid directly to the Group, net of tax. During the financial year ended 30 June 2020, the Group had commenced restructuring its listed securities portfolio, by selling holdings in illiquid companies. During the year ended 30 June 2021, the Group disposed of its remaining financial investments held as CFDs.

The full notional exposure for all positions, are disclosed below.

The full notional exposure for all positions, are disclosed below.

	At 30 June 2021					
	Share price €	No of shares '000	Fair value direct investments	CFD collateral	Total financial investment	Gross exposure
Direct financial investments						
NEPI Rockcastle plc	5.95	5,642	33,580	-	33,580	33,580
Total financial investments			33,580	-	33,580	33,580

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							At 30 June 2020		
	Share price €	No of shares '000	Fair value direct investments	CFD collateral	Total financial investments		Funding leg		
							On acquisition	Variable exposure movement	Gross exposure
Contracts for difference									
Klepierre SA	17.74	1,626	-	20,394	20,394		30,590	(22,140)	28,844
Unibail-Rodamco Westfield SE	50.16	133	-	8,012	8,012		12,018	(13,378)	6,652
Total financial investments			-	28,406	28,406		42,608	(35,518)	35,496

Reconciliation of financial investments:

	Note	Fair value direct financial investments	CFD collateral	CFD gross exposure
At 30 June 2019		41,849	45,965	105,523
Purchases		-	-	10,164 ¹
Disposals		(37,056) ²	-	(58,151) ¹
Transfer to CFD		(6,456) ²	-	6,456 ¹
CFD collateral in relation to purchases		-	6,670 ²	-
CFD collateral in relation to disposals		-	(24,245) ²	-
Foreign exchange in relation to CFD Collateral		-	247 ¹	-
Fair value adjustments	9	1,663 ²	(231) ²	(28,496)
At 30 June 2020		-	28,406	35,496
Purchases		28,204 ²	-	-
Disposals		-	-	(42,730) ¹
CFD collateral in relation to disposals		-	(28,406) ²	-
Fair value adjustments	9	5,376 ¹	-	7,234 ¹
At 30 June 2021		33,580	-	-

¹ Non-cash flow movements

² Cash flow movements

Direct financial investments

Fair value adjustments in relation to direct financial investments represent the full fair value movement of the listed securities held by the Group, including fair value movements on purchases and disposals during the year. The cash available for such listed securities transactions, has generated a loss in fair value from hedging of €496 thousand.

CFD Collateral

By 30 June 2021 the Group disposed of its entire portfolio of CFDs. At 30 June 2020 the CFD collateral was held as cash.

During the period gross dividend income of €962 thousand (30 June 2020: €861 thousand) was recognised from direct financial investments and €1,728 thousand (30 June 2020: €5,447 thousand) was recognised from the CFD portfolio as other income, refer to note 7.

The total fair value gains/(losses) related to financial investments represents a gain of €12,114 thousand (30 June 2020: loss of €27,064 thousand), refer to note 9.

17.2. Trade and other receivables

	Note	As at 30 June 2021	As at 30 June 2020
Receivables from disposals of assets	19	14,950	-
Trade receivables from lessees	19	7,281	9,686
Equity settled share-based payment expense			
- Incentive Share Participants	20.2	68	749
- PK Prepaid Development Services	20.2	2,894	2,252
- Executive Directors	20.2	714	714
VAT and other tax receivables	19	3,165	2,556
Property retentions related to disposal of assets	19	3,041	-
Lease incentive accrual	4.2;19	1,594	1,606
Prepaid expenses	19	1,291	1,576
Other receivables	19	1,032	1,550
Trade and other receivables		36,030	20,689

Receivables from disposals of assets of €14,950 thousand relate to proceeds not collected in respect of the disposal of Lewes North Street Quarter of €9,323 thousand and New Waverley PA4N of €5,627 thousand, their payments not being yet due.

Property retentions related to disposal of assets of €3,041 thousand represent amounts receivable held at amortised cost in relation to properties disposed, in accordance with the SPAs concluded.

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17.3. Cash and cash equivalents

	As at 30 June 2021	As at 30 June 2020
Bank balances	287,077	51,404
	287,077	51,404

Cash flow information

Reconciliation of cash generated from operating activities:

	Note	As at 30 June 2021	As at 30 June 2020
Profit/(loss) for the year - continuing operations		65,811	(27,633)
Profit for the year - discontinued operations		5,931	7,446
<i>Adjustments for non-cash movements:</i>			
Fair value adjustments	9	(18,554)	42,399
Finance income	10	(15,400)	(13,253)
Finance costs	10	24,733	13,895
Share of profit from equity-accounted investee	13	(10,629)	(4,848)
Tax expense	11	8,793	3,387
Investment expenses	8	4,830	4,530
Share-based payment expense		1,086	610
Depreciation and amortisation	6	181	318
Goodwill impairment	14	-	29,452
Profit on sales of inventory property		-	(309)
Gain on disposal of assets held for sale	4.2	(19,610)	-
Foreign exchange differences		(3,093)	1,203
(Increase)/decrease in trade receivables and other operating assets		(13,664)	8,554
Increase/(decrease) in trade payables and other operating liabilities		5,285	(13,256)
Cash generated from operating activities		35,700	52,495

Included within cash from operations is cash received from dividend income in respect of direct financial investments and CFDs of €962 thousand (30 June 2020: €861 thousand) and €1,728 thousand (30 June 2020: €5,447 thousand) respectively, refer to note 7.

17.4. Financial assets

	As at 30 June 2021	As at 30 June 2020
Non-current assets		
PKM Development preference shares	247,734	186,050
	247,734	186,050
Current assets	-	-
Total financial assets	247,734	186,050

PKM Development preference shares

The preference shares are held at amortised cost. The Group has performed an impairment assessment and considers that there has not been a significant increase in credit risk in relation to PKM Development, and that the expected credit loss is not significant (30 June 2020: not significant). To determine whether there has been a significant increase in credit risk, management has considered quantitative factors such as forecasted profits and actual profits, and qualitative factors such as progress of the development pipeline.

18. Financial liabilities

Accounting policy

The Group's financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss. Financial liabilities are recognised when the Group becomes party to the contractual terms 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 through profit or loss. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost comprise bank borrowings and trade and other payables.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are: financial liabilities that are held for trading; derivative financial instruments; financial liabilities designated as fair value.

The Group initially recognises these financial liabilities at fair value at the trade date. These financial liabilities 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 elect to designate financial liabilities as financial liabilities at fair value 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.

Derecognition of financial liabilities

The Group derecognises a financial liability when the contractual obligations of the liability are extinguished, for example when the obligation specified in the contract is discharged, cancelled or expires.

Trade and other payables

The Group's trade and other payables include financial and non-financial liabilities. The non-financial liabilities include deferred income, provisions, current tax payable and VAT payable.

Bank loans and bonds (interest-bearing borrowings)

Borrowings are recognised initially at the fair value of the liability (determined using the prevailing market rate of interest if significantly different from the transaction price) and net of transaction costs incurred. In subsequent periods, borrowings are subsequently carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

In accordance with the IFRS 9, borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is extinguished (i.e., discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss.

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The Group considers also the qualitative factors when entering and monitoring in debt instruments contracts, such as monitoring credit ratings.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in the consolidated statement of comprehensive income, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Finance costs include interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or transactions costs relating to borrowings, debt break fees and amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

18.1. Bonds and bank loans

	Note	As at 30 June 2021	As at 30 June 2020
Non-current			
Bonds	19	294,587	-
Bank loans	19	-	233,666
		294,587	233,666
Current			
Bonds	19	151	-
Bank loans	19	112,171	211,081
		112,322	211,081
Total bonds and bank loans		406,909	444,747

The carrying amount of the Group's borrowings by jurisdiction was as follows:

	As at 30 June 2021	As at 30 June 2020
Non-current		
Unsecured fixed coupon notes (Bonds)	294,587	-
German investment property	-	22,177
CEE investment property	-	135,266
UK investment property	-	16,640
Corporate	-	59,583
	294,587	233,666

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	As at 30 June 2021	As at 30 June 2020
Current		
Unsecured fixed coupon notes (Bonds)	151	-
German investment property	49,626	153,323
CEE investment property	-	7,899
UK investment property	62,270	42,393
Swiss investment property	-	7,466
Corporate	275	-
	112,322	211,081
	406,909	444,747

Unsecured fixed coupon bonds

Reconciliation of the Group's carrying amount of bonds:

	Note	As at 30 June 2021	As at 30 June 2020
Opening balance		-	-
<i>Changes from financing cash flows</i>			
Face value of bonds		300,000	-
Bond discount on issue		(3,290)	-
Transaction costs capitalised		(3,560)	-
<i>Non cash-flow movements</i>			
Finance costs		1,588	-
Accrued coupon on bonds	10	1,467	-
Amortisation of bond discount	10	39	-
Amortisation of capitalised borrowing costs	10	82	-
		-	-
Closing balance		294,738	-

The Group issued fixed coupon bonds in May 2021 with a total value €300,000 thousand. The bonds are unsecured, 5-year Eurobonds maturing on 19 May 2026, listed on Euronext Dublin, carrying a 4.25% fixed coupon, with an issue price of 98.903%. Moody's and Fitch assigned the Bond a Ba1 and BB rating, in line with the corporate rating.

As disclosed above, the Group has used part of the proceeds from issuing bonds to refinance Eligible Projects in accordance with the Group's Green Financing Framework, and repaid bank loans secured against investment properties in CEE, the remaining being held in cash at 30 June 2021, please refer to note 17.3. Transaction costs incurred of €3,560 thousand were capitalised against the initial debt, in accordance with IFRS 9.

As at 30 June 2021, the Group's bonds were trading on the market at 100.32%. However, the Group's liability towards bond holders does not vary in line with the market price of listed notes, provided that bonds are repaid at maturity.

Bank loans

Reconciliation of the Group's carrying amount of bank loans:

	Note	As at 30 June 2021	As at 30 June 2020
Opening balance		444,747	456,462
<i>Changes from financing cash flows</i>			
Proceeds from bank loans		-	99,700
Transaction costs related to bank loans		1,343	(1,734)
Repayment of bank loans		(341,808)	(110,061)
Debt break fees paid		(10,151)	-
Interest paid		(8,269)	(11,395)
<i>Non cash-flow movements</i>			
Interest-bearing deferred consideration		-	(1,187)
Finance costs		22,774	13,805
Finance costs – expenses	10	11,503	13,805
Debt break fees expense	10	11,271	-
		-	-
Foreign currency translation difference		3,535	(843)
Closing balance		112,171	444,747

The Group repaid €139,128 thousand bank loans secured against WE investment properties held for sale disposed during the financial year, part of the WE portfolio, incurring debt break fees of €10,315 thousand.

The Group additionally repaid €140,440 thousand bank loans secured against investment property in CEE, by using proceeds from bonds issued in line with its Green Financing Framework (refinancing Green Eligible projects), incurring €956 thousand debt break fees

Included within bank loans, current debt of €111,896 thousand (30 June 2020: €202,068 thousand) is secured against investment property held for sale with a carrying amount of €192,236 thousand (30 June 2020: €385,396 thousand), refer to note 4.2.

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Fixed and variable debt

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

	As at 30 June 2021	As at 30 June 2020
Fixed debt (including unsecured fixed coupon bonds)	344,639	248,750
Variable/hedged debt	62,270	195,997
	406,909	444,747

Summary of borrowings terms and covenants

Covenants on unsecured fixed coupon bonds in accordance with the Offering Memorandum, are as follows:

Covenant	At 30 June 2021 IFRS	At 30 June 2021 Proportionate consolidation basis
Solvency ratio shall not exceed 0.6	0.31	0.31
Consolidated Coverage Ratio at least 2.5:1	4.32	4.23
Unencumbered Consolidated Total Assets/Unsecured Consolidated Total Debt minimum 180%	381%	380%

Terms and covenants for the Group's remaining secured debt are as follows:

Jurisdiction	Currency	Weighted average remaining term		Weighted average interest rate		Significant terms and conditions
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	
UK						
Floating/hedged debt	GBP	1.53 years	2.53 years	1.60% + 3M UK LIBOR ¹	1.64% + 3M UK LIBOR ¹	All loans are secured against specific investment properties
Germany						
Fixed debt	EUR	2.88 years	4.46 years	2.22%	1.97%	
CEE						
Owed to PKM Development	EUR	-	On demand	-	3.81%	Owed to PKM Development in respect of portfolio acquired, repaid by 30 June 2020
Fixed debt	EUR	-	8.5 years	-	3.35%	
Floating/hedged debt	EUR	-	11.24 years	-	2.50% + 1M EUR LIBOR ¹	All loans were secured against specific investment properties, repaid by 30 June 2021.
Hedged debt	EUR	-	2 years	-	2.50% + 12M EUR LIBOR ¹	
Switzerland						
Hedged debt	CHF	-	5 years	-	1.29% + 12M Swiss LIBOR ¹	Bank borrowing repaid at disposal of the property.

¹ The Group had entered into interest rate swaps to hedge some of the Group's exposure to the applicable LIBOR, refer to note 18.3 for further information. The Group has not applied hedge accounting.

At 30 June 2021 and 30 June 2020, the Group has obtained appropriate waivers as required to deal with income covenant breaches due to lockdown. Apart from one bank loan (30 June 2020: two bank loans) covered by waivers, the Group has complied with its debt covenants during the current year and the prior year.

18.2. Trade and other payables

	As at 30 June 2021	As at 30 June 2020
Trade payables	11,071	6,901
Current tax payable	4,256	606
Deferred income	3,965	5,638
Construction payables	769	355
Security deposits from construction suppliers	625	1,497
VAT payable	572	1,427
Security deposits from tenants	500	457
Other payables	1,170	746
Trade and other payables	22,928	17,627

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18.3. Financial liabilities

	As at 30 June 2021	As at 30 June 2020
Non-current liabilities		
Interest rate swaps	-	2,148
	-	2,148
Current liabilities		
Interest rate swaps	848	2,028
Priority participating profit dividend	-	177
Development management fee	-	118
	848	2,323
Total financial liabilities	848	4,471

Interest rate swaps

The Group has hedged some of the interest rate exposure on bank loans using interest rate swaps. These interest rate swaps are classified as financial liabilities at fair value through profit or loss. Accordingly, they are measured at fair value at the reporting date with changes in fair value being recognised in profit or loss. Hedge accounting under IFRS 9 has not been applied.

19. Classification, valuation and offsetting of financial assets and financial liabilities

Accounting policy

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. There are no transfers from/into each level.

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

At 30 June 2021	Note	Level 1	Level 2	Level 3	FVTPL	Amortised cost	Non- financial instruments	Total
Financial assets								
PKM Development preference shares	17.4	-	-	-	-	247,734	-	247,734
Direct financial investments	17.1	33,580	-	-	33,580	-	-	33,580
Trade and other receivables held at amortised cost	17.2	-	-	-	-	26,304	-	26,304
VAT receivable, prepayments, contract assets and lease incentive accruals	17.2 15;	-	-	-	-	-	6,050	6,050
Equity-settled share-based payment	17.2	-	-	-	-	-	12,654	12,654
Other non-current assets	15	-	-	-	-	-	407	407
Cash and cash equivalents	17.3	-	-	-	-	287,077	-	287,077
		33,580	-	-	33,580	561,115	19,111	613,806
Financial liabilities								
Interest rate swaps	18.3	-	848	-	848	-	-	848
Bonds	18.1	-	-	-	-	294,738	-	294,738
Bank loans	18.1	-	-	-	-	112,171	-	112,171
Trade and other payables held at amortised cost	18.2	-	-	-	-	14,135	-	14,135
Deferred income, VAT payable and tax payable	18.2	-	-	-	-	-	8,793	8,793
		-	848	-	848	421,044	8,793	430,685
At 30 June 2020	Note	Level 1	Level 2	Level 3	FVTPL	Amortised cost	Non- financial instruments	Total
Financial assets								
PKM Development preference shares	17.4	-	-	-	-	186,050	-	186,050
CFD collateral	17.1	-	-	-	-	28,406	-	28,406
Trade and other receivables held at amortised cost	17.2	-	-	-	-	11,236	-	11,236
VAT receivable, prepayments, contract assets and lease incentive accruals	17.2 15;	-	-	-	-	-	5,738	5,738
Equity-settled share-based payment	17.2	1,808	-	-	1,808	-	11,892	13,700

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At 30 June 2020	Note	Level 1	Level 2	Level 3	FVTPL	Amortised cost	Non-financial instruments	Total
Other non-current assets	15	-	-	-	-	-	1,468	1,468
Cash and cash equivalents	17.3	-	-	-	-	51,404	-	51,404
		1,808	-	-	1,808	277,096	19,098	298,002
Financial liabilities								
Interest rate swaps	18.3	-	4,176	-	4,176	-	-	4,176
Bank loans	18.1	-	-	-	-	444,747	-	444,747
Priority participation dividend	18.3	-	-	177	177	-	-	177
Development management fee	18.3	-	-	118	118	-	-	118
Trade and other payables held at amortised cost	18.2	-	-	-	-	9,956	-	9,956
Deferred income, VAT payable and tax payable	18.2	-	-	-	-	-	7,671	7,671
		-	4,176	295	4,471	454,703	7,671	466,845

The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade and other receivables, trade and other payables and bank loans because their carrying amounts are a reasonable approximation of fair values (Level 1). Bonds market value has been disclosed for reference in note 18.1, however the Group's bonds were trading on the market at 100.32%.

Financial assets at amortised cost

	Note	PKM Development preference shares	Capital contribution	Total
Balance at 30 June 2019		174,128	11,594	185,722
Finance income	10	13,133	-	13,133
Subscription for preference shares		8,700	-	8,700
Amounts received in cash		(9,911)	-	(9,911)
Amounts invoiced and collected ¹		-	(12,218)	(12,218)
Foreign currency translation reserve		-	624	624
Balance at 30 June 2020		186,050	-	186,050
Finance income	10	15,322	-	15,322
Subscription for preference shares		54,650	-	54,650
Amounts received in cash		(8,288)	-	(8,288)
Balance at 30 June 2021		247,734	-	247,734

¹Distributions received on the preference shares in the year ended 30 June 2020 of €2,931 thousand were offset against the consideration for the acquisition of the Spark Portfolio in prior year.

Financial liabilities at FVTPL

	Note	Interest rate swaps	Development management fee	Priority participating profit dividend	Total
Balance at 30 June 2019		2,735	2,285	3,430	8,450
Fair value adjustment	9	1,473	(183)	(275)	1,015
Foreign currency translation difference in OCI		(32)	44	64	76
Settlement		-	(2,028)	(3,042)	(5,070)
Balance at 30 Jun 2020		4,176	118	177	4,471
Settlement		(2,340)	-	-	(2,340)
Transferred to construction payables		-	(260)	(390)	(650)
Fair value adjustment	9	(1,030)	145	216	(669)
Foreign currency translation difference in OCI		42	(3)	(3)	36
Balance at 30 June 2021		848	-	-	848

Development management fee and priority participating profit dividend

The Group had a development management agreement with New Waverley Advisers Limited and New Waverley Holdings Limited ("the developer") under which a fee and a priority participating profit dividend was payable to the developer in relation to the development of the New Waverley site in Edinburgh, Scotland. Under the terms of the agreement, MAS was entitled to a 7.5% annualised preferred return on invested capital. The developer then earned one third of this annualised return and thereafter was entitled to a fee or profit dividend that together approximate 25% of any further development profit. With the services required under the Development Management Agreement now complete, the Group paid in the period ended 30 June 2020, €2,028 thousand and €3,042 thousand of the Development Management Fee and Priority Participating Dividend respectively for the completed New Waverley Sites and during the year ended 30 June 2021, transferred to construction payables in relation to the above-mentioned services €650 thousand.

Level 2 financial instruments

Valuation techniques and observable inputs

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

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At 30 June 2021 and 30 June 2020

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

Level 3 financial instruments

Valuation techniques and unobservable inputs

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

At 30 June 2020

Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
Development management fee and priority profit dividend	<p><i>Gross development value:</i></p> <p>The fair value of the level 3 financial liability in respect of New Waverley Advisers Limited and New Waverley Holdings Limited is the net development value calculated semi-annually. The fair value is derived from the fair value of the properties in the New Waverley development up to completion less costs incurred. Consequently, the investment property valuation process, is part of this valuation process, refer to note 12.</p>	<ul style="list-style-type: none"> Value of investment property 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> Value of investment property was higher/(lower)

Fair value sensitivity analysis

At 30 June 2020			Sensitivity		
Financial liability	Technique	Valuation	Input	Change	Valuation
Priority participating profit dividend	Development profit	177	1,182	+5%	9
				-5%	(9)
Development management fee	Development profit	118	1,182	+5%	6
				-5%	(6)

20. Equity

20.1. Share capital, share premium and treasury shares

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. The Group's policy is to maintain a strong capital base to allow sustainable growth in the development of the Group.

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

	Note	Share capital and share premium		Treasury shared - geared share purchase plan shares		Total	
		No of shares		No of shares		No of shares	
Balance at 30 June 2019		642,874,925	824,686	(5,381,127)	(8,299)	637,493,798	816,387
Issued during the year							
Consideration shares issued	20.2	67,000,000	77,162	-	-	67,000,000	77,162
Geared share purchase plan shares forfeited and cancelled	20.2	(1,531,127)	(1,990)	1,531,127	1,990	-	-
Balance at 30 June 2020		708,343,798	899,858	(3,850,000)	(6,309)	704,493,798	893,549
Issued during the year							
Geared share purchase plan shares issued	20.2	2,801,931	1,735	(2,801,931)	(1,735)	-	-
Geared share purchase plan shares forfeited	20.2	(1,900,000)	(3,113)	1,900,000	3,113	-	-
Geared share purchase plan shares brought back in the scheme	20.2	1,900,000	1,049	(1,900,000)	(1,049)	-	-
Transfer from share premium reserve ¹		-	(250,000)	-	-	-	(250,000)
Balance at 30 June 2021		711,145,729	649,529	(6,651,931)	(5,980)	704,493,798	643,549

¹Group's parent company (MAS Real Estate Inc) transferred €250,000 thousand from share premium to retained deficit, as allowed by the provisions of Companies Act 2006, BVI. As such, Group's share premium has been reduced by the same value, by reallocating the respective amount to the Company's and Group's retained deficit.

Treasury shares - geared share purchase plan shares

On 1 September 2020, 1,900,000 allocated geared share purchase plan shares were forfeited following the departure of several participants from the scheme and subsequently returned to the scheme and granted to different participants. The shares were forfeited at the initial issue price of €1.6386 and returned to the scheme and granted at the share price on 1 September 2020, €0.5525, the net value of €2,064 thousand between forfeiture and brought back in the scheme being reflected through share premium.

During the financial year ended 30 June 2021, a total number of 2,801,931 shares were issued in the geared share purchase plan with a value of €1,735 thousand, out of which 579,241 shares were issued on 23 September 2020 at an issue price of €0.5525, 1,362,690 shares issued on 1 October 2020 at an issue price of €0.5525, 500,000 shares were issued on 4 March 2021 at an issue price of €0.7491 and 360,000 shares were issued on 30 March 2021 at an issue price of €0.8000, refer to note 20.2.

During the year ended 30 June 2020, 1,531,127 allocated geared share purchase plan shares were forfeited and cancelled upon exit from the scheme, as Werner Behrens and Paul Osbourn resigned as CEO and CFO respectively on 20 November 2019, refer to note 20.2.

Consideration shares issued

During the financial year ended 30 June 2020, the Group issued 67,000,000 shares at an issue price of €1.15395 (ZAR 18.96) per share in consideration for the acquisition of the Property Management Platform and Prime Kapital's effective economic interest in the Joint venture (the 'Transaction'). Transaction costs of €nil (30 June 2020: €152 thousand) were deducted from share capital.

The Consideration Shares are locked for 3 years commencing on the date of the Transaction ('the Lock-In Period'). Prime Kapital will not, during the Lock-In Period, transfer any interest in the Consideration Shares to another person (other than the Incentive Shares to be issued to key individuals that are part of the Property Management Platform ('Incentive Share Participants')). The Group considered the requirements of IFRS 2 'Share-based Payments', and of IFRS 3 'Business Combinations' to determine whether any of the Consideration Shares relate to components other than the settlement of the purchase consideration. This resulted in equity-settled share-based payments being recognised in respect of Executive Management, the Incentive Share Participants and the PK Prepaid Development Services.

Distributions

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

	At 30 June 2021	At 30 June 2020
Distribution to shareholders of the Group	-	61,556
Distribution to non-controlling interest	-	3,448

During the financial year ended 30 June 2021 no distributions were declared and/or paid.

20.2. Share-based payment arrangements

Accounting policy

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. A corresponding increase is recognised in the share-based payment reserve.

Non-forfeitable distributions paid as part of the share-based payment awards are included within the fair value at the grant date of the share-based payment. Options are forfeited if the employee leaves the Group before the options vest.

The share-based payment reserve within equity relates to the option expense of the Group's geared share purchase plan.

Geared share purchase plan shares (treasury shares)

Geared share purchase plan 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 tax effects. When geared share purchase plan shares are sold or issued subsequently, the amount received or paid is recognised within equity and the resulting surplus or deficit on the transaction is recognised within share capital. Where share purchase plan shares are forfeited by participants the shares are cancelled.

Estimated participant's tax obligation payable or due to tax authorities at sale of shares, could not be reliably determined, as the shares have gradual vesting patterns and would depend on price of shares at date of sale.

In terms of these, the Group granted participants a loan to acquire shares issued by the Group. The loans accrue interest at the weighted average cost of debt of the Group. If distributions are declared, the participants are entitled to distributions on all their shares, irrespective of vesting. A portion of any distribution received must be used to settle the interest accrued on the loan.

Recourse on the loans is limited to the value of the shares acquired plus any unpaid interest accrued, and the shares are pledged as security for repayment of the loan.

At 30 June 2021, the Group had the following share-based payment arrangements:

- Incentive Share Participants;
- PK Prepaid Development Services;
- Executive Management; and
- Salaried geared share purchase plan.

The Incentive Share Participants, PK Prepaid Development Services and the Executive Management share-based payment arrangements (the "Transaction Share-Based Payments") were recognised as a result of the Transaction.

Incentive Share Participants

In accordance with the terms of the Transaction, Prime Kapital had placed in reserve 5% of the Consideration Shares to be allocated to existing and future employees and service providers who, directly or indirectly, provide services to or for the benefit of MAS through the Property Management Platform or as otherwise required by MAS from time to time (the "Incentive Share Participants"). The incentive shares are held in trust for the benefit of Incentive Share

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Participants. The incentive shares have been treated as a share-based payment in accordance with the requirements of IFRS 2 'Share-based Payments'. The incentive shares represent issued shares as part of the Transaction for the benefit of present and future Incentive Share Participants. The terms of share-based payment had not been communicated to the Incentive Share Participants at 30 June 2020. Consequently, the incentive shares were initially recognised as a prepaid employee service expense of €3,866 thousand.

The equity-settled share-based payment expense has been calculated at Transaction date (described in note 14) based on 3,350,000 Consideration Shares at market price as at 27 November 2019 and subsequently a fair value adjustment has been recognised to reflect a reasonable expected grant date fair value (refer to note 9). The Incentive shares cannot be delisted, have attached rights to vote, exercise pre-emptive rights as shareholders and to receive distributions.

The terms of the share-based payment had been communicated to the Incentive Share Participants by 30 June 2021 and had a grant date of 1 September 2020. Consequently, the incentive shares were recognised as a prepaid employee service expense of €1,477 thousand (30 June 2020: €1,808 thousand) and the share-based payment will be expensed over the vesting period (33.3% after first 3 years, 66.7% up to 5 years). For the year ended 30 June 2021, share-based payment expense recognised was €374 thousand.

As such, at 30 June 2021 the Group recognised non-current prepaid employee service expense amounting to €1,409 thousand (30 June 2020: €1,059 thousand), refer to note 15, and current prepaid employee service expense amounting to €68 thousand (30 June 2020: €749 thousand), refer to note 17.2.

The price at grant date has been estimated at the MAS share price as of 1 September 2020, €0.5525, with the difference to the price at Transaction date recognised as a fair value difference through profit or loss, as shown in the table below.

	Note	No of shares	Share price	Value
Transaction date 27 November 2019		3,350,000	1.15395	3,866
Fair value loss	9			(2,058)
Closing balance 30 June 2020	15; 17.2	3,350,000	0.53975	1,808
Fair value gain	9	3,350,000	0.5525	43
Share-based payment expense				(374)
Closing balance 30 June 2021	15; 17.2	3,350,000		1,477

Executive Management

In accordance with the terms of the Transaction, Martin Slabbert and Victor Semionov will not be paid any remuneration during the three-year Lock-In period from the date of the Transaction. In accordance with IFRS 2 'Share Based payments' and IFRS 3 'Business Combinations' it has been determined that 1,858,331 Consideration Shares are recognised as an equity-settled share-based payment expense, which represents the value of the Share-based payment in relation to IFRS 2 for the respective executives based on their estimated implied remuneration. The treatment does not affect the commercial structure of the Transaction, and Martin Slabbert and Victor Semionov will not receive cash or other actual remuneration for the duration of the Lock-In period.

The fair value of the equity-settled share-based payment expense has been calculated based on 1,858,331 Consideration Shares at market price as at 27 November 2019.

The key terms of the Executive Management share-based payment are:

Share-based payment	Grant date	Number of shares	Issue price	Vesting period	Vesting conditions
Executive Management	27 Nov 2019	1,858,331	€1.15395	3 years	Service for the Lock-In period

The grant date fair value has been determined using the share price at 27 November 2019.

During the financial year ended 30 June 2021, €714 thousand (2020: €422 thousand) has been recognised in the consolidated statement of profit or loss as an employment share-based payment expense and disclosed as a related party transaction (refer to note 26) in relation to services provided by Martin Slabbert and Victor Semionov.

PK Prepaid Development Services

In accordance with the terms of the Transaction Prime Kapital committed to provide property development services in relation to the extension of commercial real estate assets held within the joint venture on a cost recovery basis. The fair value of these services has been determined in accordance with the market approach of IFRS 13 'Fair Value Measurement', and a corresponding share-based payment has been recognised.

At 30 June 2021, Prime Kapital has not provided the relevant development services to the Group and therefore a prepayment for the future development services of €10,170 thousand has been recognised, split in a short-term portion and long-term portion, refer to notes 15 and 17.2. The fair value of the equity-settled share-based payment expense has been calculated based on 8,813,237 Consideration Shares at market price as at 27 November 2019. It remains the intention of the Group to utilise the development management services in the future.

As the development services provided by Prime Kapital to the joint venture is a pre-existing relationship that existed before the transaction was completed, Prime Kapital is acting as counterparty, not as shareholder of the Group and therefore the provision of the development services on a cost recovery basis at below market value is determined to be an equity-settled share-based payment arrangement with a non-employee.

The key terms of the PK Prepaid Development Services share-based payment are:

Share-based payment	Grant date	Number of shares	Issue price	Vesting period
PK Prepaid Development Services	Transaction date	8,813,237	€1.15395	Services to be performed for a period of up to 5 years

Measurement of fair value of the Transaction share-based payments

The fair value of the share-based payments has been determined using the quoted share price on the grant date being €1.15395, multiplied by the number of shares allocated to the share-based payment for Share-based payment in relation to IFRS 2.

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Geared purchase plan

The key terms and conditions related to participation in the geared share purchase plan are as follows:

	Shares			Issue price	Initial term of loan			
	Grant date	As at 30 June 2021	As at 30 June 2020		Vesting period	Vesting conditions	Interest rate	Initial term
Granted	9 March 2017	3,850,000	3,850,000	€1.64	20% annually	Service until	WACD of the Group 2.64%	10 years
	25 June 2019	1,531,127	1,531,127	€1.30		vesting dates	WACD of the Group 2.95%	
Forfeited	30 June 2020	(1,531,127)	(1,531,127)	-			WACD of the Group 3.28%	
Forfeited	1 September 2020	(1,900,000)	-	-				
Granted	1 September 2020	2,662,690	-	€0.55	33.3% after first	Service until vesting dates	WACD of the Group 3.02%	10 years
Granted	1 March 2021	1,679,241	-	€0.75	66.7% up to 5 years	Service until vesting dates	WACD of the Group 3.22%	10 years
							WACD of the Group 3.31%	10 years
Granted	24 March 2021	360,000	-	€0.80		Service until vesting dates		
		6,651,931	3,850,000					

Reconciliation of share-based payment reserve:

	As at 30 June 2021	As at 30 June 2020
Opening balance	925	975
Shared-based payment expense	308	188
Recognised during the year	308	258
Recycled during the year – forfeited shares	-	(70)
Non-forfeitable distribution	-	(238)
Closing balance	1,233	925

Reconciliation of outstanding loans and shares

At 30 June 2021

	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	3,850,000	€0.6734	€1.6442
Forfeited	(1,900,000)	-	(€1.3520)
Granted	4,701,931	-	€0.6417
Interest	-	-	€0.0278
Share price movement	-	€0.3956	-
Closing outstanding balance	6,651,931	€1.0690	€0.9617
Exercisable	1,650,000	€1.0690	€1,7018

Geared salaried purchase plan

At 30 June 2020

	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	5,381,127	€1.2964	€1.5497
Granted	-	-	-
Forfeited	(1,531,127)	-	-
Interest	-	-	€0.05923
Interest repayment	-	-	(€0.06224)
Capital repayment	-	-	€ 0.09750
Share price movement	-	(€0.6230)	-
Closing outstanding balance	3,850,000	€0.6734	€1.6442
Exercisable	2,310,000	€0.6734	€1.6442

Geared salaried purchase plan

The remaining term of the loans in relation to the geared purchase plan were as follows:

	At 30 June 2021	At 30 June
Shares granted on 9 March 2017	5.69 years	6.69 years
Shares granted on 1 September 2020	9.18 years	-
Shares granted on 1 March 2021	9.67 years	-
Shares granted on 24 March 2021	9.74 years	-

As the options relate to multiple service periods, the awards have a gradual vesting pattern whereby each tranche relating to a particular service period is recognised as an expense in profit or loss over that service period.

During the year €308 thousand (30 June 2020: €188 thousand) was recognised in the share-based payment reserve in relation to the options.

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20.3. Earnings per share

Accounting policy

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 year, adjusted for own shares held.

Headline earnings is derived from basic earnings adjusted for re-measurements that relate to the capital platform of the Group per Circular 1/2021 issued by the South African Institute of Chartered Accountants.

The shares issued as part of the geared share purchase plans are not included in the calculation of the weighted-average number of ordinary shares as they are deemed to be unissued (treasury shares).

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 treasury shares held, for the effects of all dilutive potential ordinary shares.

Basic 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.

	Year ended 30 June 2021	Year ended 30 June 2020
Opening issued ordinary shares	704,493,798	637,493,798
Effect of shares issued	-	39,540,984
Weighted-average number of ordinary shares	704,493,798	677,034,782

The shares issued as part of the geared share purchase plans are not included in the calculation of the weighted-average number of ordinary shares as they are deemed to be unissued (treasury shares).

	Year ended 30 June 2021	Year ended 30 June 2020
Profit/(loss) from continuing operations attributable to owners of the Group (thousand euro)	65,811	(29,061)
Profit from discontinued operations attributable to owners of the Group (thousand euro)	5,931	7,446
Weighted-average number of ordinary shares	704,493,798	677,034,782
Basic earnings per share (eurocents)	10.18	(3.19)
<i>Basic earnings per share (eurocents) - continuing operations</i>	<i>9.34</i>	<i>(4.29)</i>
<i>Basic earnings per share (eurocents) - discontinued operations</i>	<i>0.84</i>	<i>1.10</i>

Diluted earnings per share

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

	Year ended 30 June 2021	Year ended 30 June 2020
Weighted-average number of ordinary shares (basic)	704,493,798	677,034,782
Effect of share options	2,856,440	-
Weighted-average number of ordinary shares (diluted)	707,350,238	677,034,782
Profit/(loss) from continuing operations attributable to owners of the Group (thousand euro)	65,811	(29,061)
Profit from discontinued operations attributable to owners of the Group (thousand euro)	5,931	7,446
Weighted-average number of ordinary shares	707,350,238	677,034,782
Diluted earnings per share (eurocents)	10.14	(3.19)
<i>Diluted earnings per share (eurocents) - continuing operations</i>	<i>9.30</i>	<i>(4.29)</i>
<i>Diluted earnings per share (eurocents) - discontinued operations</i>	<i>0.84</i>	<i>1.10</i>

The dilutive weighted average number of ordinary shares include the effect of the 4,701,931 shares granted in the period.

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

Headline earnings and diluted headline earnings per share

	Note	Year ended 30 June 2021		Year ended 30 June 2020	
		Gross	Net	Gross	Net
Profit/(loss) for the period attributable to ordinary shareholders - continuing operations		65,811	65,811	(29,061)	(29,061)
Profit for the period attributable to ordinary shareholders - discontinued operations		5,931	5,931	7,446	7,446
<i>Adjusted for:</i>					
Fair value (gain)/loss on investment property	9	(15,921)	(12,272)	12,539	10,749
Fair value gain on investment property in associate		(9,489)	(6,795)	(6,746)	(5,862)
Fair value (gain)/loss on investment property held for sale	9	10,022	7,136	(1,052)	(648)
(Gain) on disposal of investment property held for sale	4.2	(30,143)	(20,711)	-	-
Loss on disposal of investment property held for sale	4.2	10,533	9,314	-	-
Goodwill impairment	14	-	-	29,452	29,452
Loss on disposal of property, plant and equipment		-	-	1	1
Recycle of foreign currency exchange through profit and loss		-	-	(1)	(1)
Headline earnings		36,744	48,414	12,578	12,076
<i>Headline earnings per share</i>					
Weighted-average number of ordinary shares (basic)		704,493,798	704,493,798	677,034,782	677,034,782
Headline earnings per share (eurocents)		5.22	6.87	1.86	1.78
<i>Diluted headline earnings/(loss) per share</i>					
Weighted-average number of ordinary shares (diluted)		707,350,238	707,350,238	677,034,782	677,034,782
Diluted headline earnings per share (eurocents)		5.19	6.84	1.86	1.78

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

21. Contingent liabilities and contingent assets

There are no contingent liabilities or assets.

22. Commitments

The Group has committed to fund PKM Development through 7.5% cumulative preference shares issued by PKM Development. The Group is committed to fund up to a total of €420million (30 June 2020: €420million). The outstanding commitment at the reporting date was €186.7million (30 June 2020: €241.3million) which is expected to be funded by 23 March 2025. The commitments have been reviewed and are not considered to be onerous at the reporting date.

On 28 February 2019, the Group acquired 7 properties (collectively referred to as the "Spark portfolio") from PKM Development through the acquisition of 100% of the share capital of their holding company. In the following years PKM Development may develop extensions for 3 of the completed properties on adjacent land plots. The Group has granted PKM Development an option ("the put option"), under the terms of which it can sell these completed extensions to the Group at an acquisition yield of 7.5% if developed over the following five years, and thereafter at an acquisition yield equating to the latest valuation yield of the relevant property. The extensions have zoning approval. The put option is outside the scope of IFRS 9 (2014) Financial Instruments as it relates to the 'own use' exemption (i.e. the purpose of entering into the contract was to meet the Group's expected purchase, sale or usage requirements and cannot be net settled). Accordingly, it was not accounted for as a derivative financial instrument. Instead IAS 37 - Provisions, Contingent Liabilities and Contingent Assets was considered and resulted that no onerous contract exists.

23. Events after the reporting date

PKM Development preference shares issued

After 30 June 2021 and up to date of this report, PKM Development issued additional preference shares amounting to €39,500 thousand.

Unsecured revolving facility

The Company had, on 30 June 2021, an unsecured revolving facility of €60million, which was replaced, in August 2021, by a currently undrawn committed facility of €20million (which can be increased up to €60million) on improved terms when compared to the previous facility.

Disposal of New Uberior House – investment property held for sale

On 26 August 2021, the Group completed the sale of New Uberior House conducted via a share deal, for a sale price of £78.6million.

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Fair value of financial investments

At 24 August 2021, gross exposure on financial investments had slightly decreased to €33,274 as compared to reported amounts as at 30 June 2021. There have been no additional financial investments purchases or sales in the period following 30 June 2021 and up to date of this report.

24. Critical accounting estimates, judgements and errors

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

The **key judgements and accounting estimates** are:

Determination of whether disposal of investment property represents discontinued operations

Management concluded that the sale of the Western European portfolio represents an identifiable segment of the business and forms part of a co-ordinated disposal plan. As noted below the WE portfolio met the criteria for 'held for sale', therefore, in accordance with IFRS 5, the entire segment has been treated as a discontinued operation and the results for the current and prior year have been separately disclosed from the rest of the business.

Determination of whether investment property is classified as held for sale

The Group applies judgements to determine whether investment property meets the criteria to be classified as held for sale under IFRS 5 'Non-current assets held for sale'. The Group's strategy is to dispose of its Western European portfolio of investment property, however, in accordance with the standard, it does not classify an asset as held for sale until the relevant criteria has been met.

Determination of impairment of receivables

The Group applied judgements to determine revenue recognition in the context of the coronavirus pandemic, as gross rental income and gross service charge income were recognised in full for the lockdown periods and in recognised in accordance with the principles of IFRS 16. In accordance with the standard, impairments of receivables are recognised as an effect of the lockdowns and other economic consequences caused by the coronavirus pandemic. Additional judgements are made in respect of determining if the forgiveness granted to tenants qualify as lease modifications. However, as disclosed in note 5, the Group recognised impairment of receivables as a forgiveness without qualifying as a lease modification, with a corresponding reduction in lease receivables in the period in which the reduction was agreed.

The **key areas of estimation uncertainty** are:

Valuation of investment properties and investment properties held for sale

The Group uses external professional valuers to determine the relevant amounts. The external property valuation experts use recognised valuation techniques and apply the principles of IFRS 13: Fair Value Measurement. The primary source of evidence for property valuations is recent, comparable market transactions on an arms-length basis. However, the valuation of the Group's property portfolio is inherently subjective, as they are based upon valuer assumptions which may prove to be inaccurate. The methods and significant assumptions used by the valuers in estimating fair value are set out in note 12.

The valuers have modified some of their assumptions in light of the effects of the coronavirus pandemic:

- Assumptions affecting short-term cash flows: depending on the types of assets as well as the market the properties are operating in, the appraisers took into account various levels of rent holidays, prolonged void periods. The appraisers also factored in lower levels of sales-based rents and of ancillary income over the same period.
 - Assumptions affecting long-term cash flows and values: the appraisers applied lower levels of indexation and considered higher levels of structural vacancy, although future estimated market rents have not been significantly revised at this stage in view of the dearth of leasing transactions.
 - The appraisers also increased discount rates and exit cap rates in most countries, despite lower inflation prospects, to reflect greater uncertainty over long-term cash flows, liquidity and value and growth prospects on exit.
- The appraisers included a 'material valuation uncertainty clause' in the reports as at 30 June 2020, as per the RICS recommendation, which stated that the valuations can be relied upon, but needed to be monitored, due to the lack of market comparable data and appreciation of the long-term effects of Covid-19. The external valuers have considered that by the end of 2020 the real-estate market had recovered and sufficient market evidence existed by the reporting date. Consequently, the valuation reports for all the Group's properties at the year end were no longer prepared on the "material valuation uncertainty" basis. Further information and sensitivity tables are included within note 12.2.

Valuation of financial instruments

Financial instruments: In determining the fair value of financial instruments measured at fair value through profit or loss, the Group is required to make estimations of unobservable inputs in determining fair value. The methods and significant assumptions used in estimating fair value are set out in note 19.

Loan commitments

The Group has committed to advancing funds to PKM Development in the future by acquiring preference shares, refer to note 22. Judgements are made to assess the market related rate of these loan commitments. The Group applies judgement in reviewing the loan commitments made and determined that the PKM Development preference share commitments are a market related rate.

Presentation statement of profit or loss items

The Group elected to provide an improved presentation of certain consolidated statement of profit or loss items and the rental income note. As such, the Group has included a Gross revenue subtotal for the year ended 30 June 2021 of €45,363 thousand (year ended 30 June 2020: €46,850 thousand) and outlined rental related expenses such as impairment of receivables and service charge and other property operating expenses. The respective items, whose presentation has been enhanced, are part of the Net rental income line in the consolidated statement of profit or loss. The change in presentation does not have an impact in the underlying amounts in current and prior years. Current presentation, including continuing and discontinued operations as presented in note 5, which aims to reflect the reconciliation of the items to prior year ended 30 June 2020 items, is as follows:

Current presentation (as the total of continuing and discontinued operations):

	Year ended 30 June 2021	Year ended 30 June 2020
Rental income	58,190	66,834
Service charge income and other recoveries	12,999	14,391
Gross revenue	71,189	81,225
Impairment of receivables	(6,349)	(5,591)
Service charge and other property operating expenses	(18,418)	(19,158)
Net rental income	46,422	56,476

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Prior presentation:

	Year ended 30 June 2020
Rental income	66,834
Service charge income and other recoveries	14,391
Impairment of revenue	(5,591)
Revenue	75,634
Service charge and other property operating expenses	(19,158)
Net rental income	56,476

25. Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Liquidity risk
- Market price risk
- Interest rate risk: fair value interest rate risk and cash flow interest rate risk
- Foreign exchange risk
- Credit risk

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 an internal treasury function focused on ensuring the efficient but prudent use of cash and availability of working capital, including future cashflows and liabilities.

The main liquidity risk inherent in the business is due to tenant default; should a tenant default, this may result in the inability of the Group to cover its interest and capital payments and subscribing for PKM Development preference shares. The Group has to have sufficient liquidity to meet preference shares subscription requests from PKM Development Limited. The Group mitigates liquidity risk by maintaining adequate cash, assets readily convertible into cash such as listed real estate equity securities and access to undrawn debt facilities. The Group had an undrawn debt facility of €60,000 thousand as at 30 June 2021 (30 June 2020: no undrawn facility).

The Group intends to invest up to a further €186,650 thousand in PKM Development preference shares. Other than commitments to PKM Development, the Group has no significant concentration of liquidity risk on the basis that the Group holds all cash and cash equivalents on demand.

The following reflects the contractual maturities of payments, and includes interest and bond coupon payments:

At 30 June 2021	Note	1-6 months	6-12 months	1-3 years	>3 years	Total
Capital commitments	22	120,000	66,650	-	-	186,650
- PKM Development preference shares		120,000	66,650	-	-	186,650
Bank loans		46,479	19,428	44,469	6,682	117,058
Bonds		7,050	7,016	28,252	326,729	369,047
Trade and other payables		14,135	-	-	-	14,135
Financial instruments		848	-	-	-	848
- Current financial liabilities	18.3	848	-	-	-	848
- Non-current derivative financial instruments	18.3	-	-	-	-	-
		188,512	93,094	72,721	333,411	687,738
At 30 June 2020	Note	1-6 months	6-12 months	1-3 years	>3 years	Total
Capital commitments	22	37,000	46,000	130,000	28,300	241,300
- PKM Development preference shares		37,000	46,000	130,000	28,300	241,300
Bank loans		11,958	13,085	229,568	229,335	483,946
Trade and other payables		9,956	-	-	-	9,956
Financial instruments		2,323	-	815	1,333	4,471
- Current financial liabilities	18.3	2,323	-	-	-	2,323
- Non-current derivative financial instruments	18.3	-	-	815	1,333	2,148
		61,237	59,085	360,383	258,968	739,673

Preference shares may be issued by a single counterparty, PKM Development. The preference shares do not have contractual drawdowns, consequently, the concentration risk is principally managed by maintaining sufficient liquidity to match PKM Development's budgeted issue of the preference shares. The maturity disclosure represents PKM Development's maximum issue, it does not reflect the budgeted or expected issue of preference shares. However, there is no limit on the number of preference share issues that may be made until the end of the contractually agreed period (i.e. 2025), save that if funding is requested, but not immediately available, the Group's funding obligations are limited to €120million on a rolling six-month basis. The outstanding commitment at 30 June 2021 amounts to €186,650 thousand.

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 such investments.

The risk to the Group arises due 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. Market price risk is mitigated through a combination of extensive initial market research prior to acquiring the asset, ongoing monitoring of the share price of the listed real estate equity securities.

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The carrying amounts of assets and liabilities affected by market price risk are as follows:

	At 30 June 2021	At 30 June 2020
Assets		
Direct financial investments	33,580	-
Gross exposure on contracts for difference*	-	35,496
	33,580	35,496
Liabilities		
Interest rate swaps	848	4,176
Priority participation dividend	-	118
Development management fee	-	177
	848	4,471

*Gross exposure on contracts for difference is reflected in the Group's financial statements only through the net collateral.

The breakdown of market risk exposure to direct financial investments and CFD positions is as follows:

	Notional exposure		Gross exposure	
	At 30 June 2021	At 30 June 2020	At 30 June 2021	At 30 June 2020
Direct financial investments				
NEPI Rockcastle plc	33,580	-	33,580	-
	33,580	-	33,580	-
Contracts for difference				
Klepierre SA	-	50,984	-	28,844
Unibail-Rodamco Westfield SE	-	20,030	-	6,652
	-	71,014	-	35,496

At 30 June 2021, if market prices had been 5% (30 June 2020: 5%) higher/lower, with all other variables held constant, pre-tax profit for the year would have been €1,679 thousand (30 June 2020: €1,998 thousand) higher/lower. The change pre-tax profit for the year has a linear relationship with the percentage change in market price. This sensitivity analysis is based on the gross exposure of financial investments and 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, with interest rate swaps used to hedge against adverse movements in interest rate, if applicable.

The carrying amount of assets and liabilities affected by interest risk are as follows:

	At 30 June 2021				
	Fixed rate	Variable rate	No exposure	Non-financial instruments	Total
Assets					
Financial investments	-	-	33,580	-	33,580
Financial assets	247,734	-	-	-	247,734
Trade and other receivables	-	-	29,980	6,050	36,030
Cash and cash equivalents	-	287,077	-	-	287,077
	247,734	287,077	63,560	6,050	604,421
Liabilities					
Bonds	294,738	-	-	-	294,738
Bank loans	49,901	62,270	-	-	112,171
Financial instruments	47,919	(47,919)	-	-	-
Effect of derivative financial instruments	47,919	(47,919)	-	-	-
Financial liabilities	-	-	-	-	-
Trade and other payables	-	-	14,135	8,793	22,928
	392,558	14,351	14,135	8,793	429,837
	At 30 June 2020				
	Fixed rate	Variable rate	No exposure	Non-financial instruments	Total
Assets					
Financial investments	-	28,406	-	-	28,406
Financial assets	186,050	-	-	-	186,050
Trade and other receivables	-	-	14,951	5,738	20,689
Cash and cash equivalents	-	51,404	-	-	51,404
	186,050	79,810	14,951	5,738	286,549
Liabilities					
Bank loans	248,751	195,997	-	-	444,748
Financial instruments	178,964	(178,964)	295	-	295
Effect of derivative financial instruments	178,964	(178,964)	-	-	-
Financial liabilities	-	-	295	-	295
Trade and other payables	-	-	9,956	7,671	17,627
	427,715	17,033	10,251	7,671	462,670

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Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate borrowings at fair value through profit or loss and the Group does not designate derivative financial instruments as hedging instruments. Therefore, a change in interest rates on fixed rate borrowings would not affect profit or loss. A change in the fair value of the hedging instruments would not have a material impact on the profit or loss.

Cash flow sensitivity for variable rate instruments

At 30 June 2021, if interest rates had been 25 basis points higher/lower (30 June 2020: 25 basis points), with all other variables held constant, pre-tax profit for the year would have been €423 thousand (30 June 2020: €243 thousand) 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 is exposed to currency risk as it 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 assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk is mitigated as management monitors exchange rates against assets and liabilities on a regular basis. In addition, effort is made to match assets and liabilities in foreign currency against each other to reduce any foreign exchange risk.

At 30 June 2021, the Group had the following functional currency exposures:

	GBP	CHF	ZAR	PLN	BGN	RON
Closing exchange rate	1.1654	0.9107	0.0588	0.2212	0.5113	0.2030
FINANCIAL INSTRUMENTS – ASSETS						
Trade and other receivables						
Foreign currency	15,396	-	-	6,542	3,098	17,776
Euro equivalent	17,943	-	-	1,447	1,584	3,608
Cash and cash equivalents						
Foreign currency	7,224	1,094	1,036	4,838	3,624	14,155
Euro equivalent	8,419	996	61	1,070	1,853	2,873
FINANCIAL INSTRUMENTS – LIABILITIES						
Financial liabilities						
Foreign currency	728	-	-	-	-	-
Euro equivalent	848	-	-	-	-	-
Bank loans						
Foreign currency	53,432	-	-	-	-	-
Euro equivalent	62,270	-	-	-	-	-
Trade and other payables						
Foreign currency	4,759	-	-	6,736	2,419	21,875
Euro equivalent	5,546	-	-	1,490	1,237	4,440
Total net financial (liability)/asset exposure						
Foreign currency	(36,299)	1,094	1,036	4,644	4,303	10,056
Euro equivalent	(42,302)	996	61	1,027	2,200	2,041

At 30 June 2020, the Group had the following functional currency exposures:

	GBP	CHF	ZAR	USD	PLN	BGN	RON
Closing exchange rate	1.0960	0.9389	0.0514	0.8930	0.2244	0.5113	0.2065
FINANCIAL INSTRUMENTS – ASSETS							
Trade and other receivables							
Foreign currency	2,223	-	-	-	9,554	5,073	20,444
Euro equivalent	2,436	-	-	-	2,144	2,594	4,222
Cash and cash equivalents							
Foreign currency	6,040	55	2,062	4	2,099	1,240	22,308
Euro equivalent	6,620	52	106	4	471	634	4,607
FINANCIAL INSTRUMENTS – LIABILITIES							
Financial liabilities							
Foreign currency	1,312	860	-	-	-	-	-
Euro equivalent	1,438	807	-	-	-	-	-

All amounts in € thousand unless otherwise stated.

	GBP	CHF	ZAR	USD	PLN	BGN	RON
Bank loans							
Foreign currency	53,862	7,953	-	-	-	-	-
Euro equivalent	59,033	7,467	-	-	-	-	-
Trade and other payables							
Foreign currency	5,362	-	-	-	6,359	3,139	18,038
Euro equivalent	5,877	-	-	-	1,427	1,605	3,725
Total net financial (liability)/asset exposure							
Foreign currency	(52,273)	(8,758)	2,062	4	5,294	3,174	24,714
Euro equivalent	(57,292)	(8,222)	106	4	1,188	1,623	5,104

If the euro had strengthened/weakened against other currencies used by the Group with all other variables held constant, pre-tax profit for the year would have been:

	30 June 2021			30 June 2020		
	Movement	Strengthening	Weakening	Movement	Strengthening	Weakening
GBP	10%	4,230	(4,230)	10%	5,729	(5,729)
CHF	10%	(100)	100	10%	822	(822)
ZAR	10%	(6)	6	10%	(11)	11
USD	10%	(0)	0	10%	-	-
PLN	10%	(103)	103	10%	(119)	119
BGN	0%	-	-	0%	-	-
RON	10%	(204)	204	10%	(510)	510
		3,817	(3,817)		5,911	(5,911)

¹ The Bulgarian Lev is fixed to the euro exchange rate therefore no currency risk exposure is applicable.

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, trade receivables and contract assets owed by tenants, capital contribution receivable, CFD collateral and its investment in the PKM Development Limited preference shares.

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

	At 30 June 2021			
	Credit risk exposure	No exposure	Non-financial instruments	Total
Non-current financial assets				
Financial assets	247,734	-	-	247,734
	247,734	-	-	247,734
Current financial assets				
Trade and other receivables	29,980	-	6,050	36,030
Financial investments	33,580	-	-	33,580
Cash and cash equivalents	287,077	-	-	287,077
	350,637	-	6,050	356,687
	598,371	-	6,050	604,421
	At 30 June 2020			
	Credit risk exposure	No exposure	Non-financial instruments	Total
Non-current financial assets				
Financial assets	186,050	-	-	186,050
	186,050	-	-	186,050
Current financial assets				
Trade and other receivables	14,951	-	5,738	20,689
Financial investments	28,406	-	-	28,406
Cash and cash equivalents	51,404	-	-	51,404
	94,761	-	5,738	100,499
	280,811	-	5,738	286,549

The Group's preference shares €247,734 thousand (30 June 2020: €186,050 thousand) included within financial assets are with a single counterparty, PKM Development. The maximum credit risk exposure would be the maximum commitment of €420,000 thousand (30 June 2020: €420,000 thousand). This concentration of credit risk is principally managed by assessing credit quality through quarterly reviews of PKM Development's management accounts, annually reviewing the audited annual financial statements and property valuation reports. The PKM Development preference shares have no material expected credit losses, see note 17.4.

The Group's financial investments with credit risk exposure, as at 30 June 2020, of €28,406 thousand related to the CFD collateral which were held with a single investment banking company. The concentration of credit risk was managed by assessing the counterparty's financial rating, which was rated A3 by Moody's. The Group finalised disposal of its CFDs during the financial year, and had no exposure at 30 June 2021.

In order to manage the Group's financial instruments and cash and cash equivalents credit risk, management monitors its banking partners' credit risk and deposits the majority of its cash and cash equivalents with banks and financial institutions which are rated investment grade. Approximately 93.9% of the Group's cash and cash equivalents at 30 June 2021 was held with banks rated investment grade.

The Group's trade receivables do not contain any financing component and mainly represent lease receivables. Therefore, the Group applied the simplified approach under IFRS 9 and measured the loss allowance based on a provision matrix based on historical collection and default experience adjusted for forward-looking factors in order to estimate the provision on initial recognition and throughout the life of the receivables at an amount equal to lifetime ECL (Expected Credit Losses).

The expected loss rates are based on the tenants' payment profiles over a period of 36 months before 30 June 2021 and 30 June 2020 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking factors affecting tenants' ability to settle receivables. The expected loss rate for trade receivables as at 30 June 2021 amounts to 2.07%, higher than the 0.65% applicable as at 30 June 2020, mostly due to the overall impact of Covid-19 on the financial environment.

The analysis by credit quality of trade and other receivables, cumulated for rent and service charge is as follows:

						At 30 June 2021
	Current	0-30 days	31-60 days	61-90 days	More than 90 days	Total
Expected credit loss rate	0.10%	0.15%	0.21%	0.58%	1.04%	2.07%
Trade and other receivables gross	5,296	677	492	1,098	2,267	9,830
Specific impairment of receivables	-	-	-	-	-	(2,512)
Loss allowance	(5)	(1)	(1)	(6)	(23)	(37)
	5,291	676	491	1,092	2,244	7,281

						At 30 June 2020
	Current	0-30 days	31-60 days	61-90 days	More than 90 days	Total
Expected credit loss rate	0.03%	0.05%	0.06%	0.18%	0.32%	0.65%
Trade and other receivables gross	7,829	2,794	1,277	1,795	1,907	15,602
Specific impairment of receivables	-	-	-	-	-	(5,902)
Loss allowance	(3)	(1)	(1)	(3)	(6)	(14)
	7,826	2,793	1,276	1,792	1,901	9,686

Movement in allowance is presented in the table below:

	Year ended 30 June 2021	Year ended 30 June 2020
Opening balance	(5,916)	(173)
Impairment of receivables allowance constituted - continuing operations	(2,407)	(4,968) ³
Impairment of receivables allowance constituted - discontinued operations	-	(828)
Reversal of impairment of receivables allowance	756	53
Receivables allowance written-off ¹	5,017	-
Closing balance	(2,549)	(5,916)
Impairment of receivables - continuing operations ²	(4,439)	-
Impairment of receivables - discontinued operations ²	(259)	-

¹Receivables allowance written-off refers to amounts previously provided for, of €5,017 thousand, resulting in a nil impact within the consolidated statement of profit and loss.

²Impairment of receivables represent the impact in profit or loss of the discounts and conditional waivers granted to tenants following negotiations for lockdown periods. The impairment of €4,698 thousand, representing impairment of receivables for continuing and discontinued operations, recognised in the consolidated statement of profit or loss does not impact the balance of receivables' allowance, as these have been presented, on a net basis, as part of Trade and other receivables.

³ Impairment of receivables allowance constituted for continuing operations of €4,968 thousand, included €4,763 thousand impairment of receivables as a result of the Covid-19, and €152 thousand other specific receivable allowance recognised as a service charge expense.

The tenants' receivable balances which were overdue but have not been provisioned, result from the related tenants having committed, and started, paying their outstanding balances subsequent to year-end. Further tenants' deposits may be executed by the Group in part or in whole if receivables due from tenants are not settled or in case of other breaches of contractual terms.

There are no other concentration credit risks related to trade and other receivables, as the Group does not place reliance on a single counterparty. In order to manage the credit risk related to trade and other receivables, the Group continuously monitors the financial performance and reputation of its tenants. In calculating the expected credit loss rates for trade and other receivables, the Group considers the historic loss rates and adjusts for forward looking macroeconomic data. There are no material impairment losses.

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Capital management

The Group's capital management strategy is to ensure its compliance with bank or bond covenants, and that it maintains strong credit ratings and capital base so to maintain market and investors relations, as well as creditor confidence and to support further business long-term growth.

The Group's main objective in managing capital is to safeguard its ability to continue as a going concern, so that it continues to provide and maximise long-term returns for shareholders and benefits for other stakeholders. Due to the effects of the Covid-19 pandemic, the Company declined to declare an interim dividend and stated that the Company will consider resuming dividend payments when the pandemic is effectively over, business is sufficiently profitable and depending on the attractiveness of investment opportunities.

During the financial year ended 30 June 2021, the Group's policy was to maintain a Loan-to-Value (LTV) ratio below 40% on a proportionate consolidation basis. Following the repayment of secured bank loans relating to its CEE and WE assets, the Group's LTV ratio has improved from 33% as at 30 June 2020 to 13% as at 30 June 2021.

The Group is closely monitoring bond covenants, as described in note 18.1.

26. Related parties

Parent and ultimate controlling party

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

Key management

Key management consists of the executive and non-executive directors ('NED').

Transactions with key management

							Year ended 30 June 2021	
Role	During the period	Basic salary	Benefits ²	Short-term incentive	Long-term incentive	Sub Total	IFRS 2 option expense	Total
Martin Slabbert	CEO	-	-	-	-	-	357	357
Victor Semionov	Executive Director	-	-	-	-	-	357	357
Irina Grigore ¹	CFO	Appointed	46	-	-	46	-	46
Jonathan Knight ²	Alternative director	103	-	12*	-	115	-	115
Dan Petrisor	Alternative director	73	-	-	-	73	-	73
Malcolm Levy	NED	35	-	-	-	35	-	35
Pierre Goosen	NED	33	-	-	-	33	-	33
Werner Alberts	NED	38	-	-	-	38	-	38
Melt Hamman	NED	33	-	-	-	33	-	33
Claudia Pendred	NED	41	-	-	-	41	-	41
Brett Nagle	NED	38	-	-	-	38	-	38
Vasile Iuga	NED	40	-	-	-	40	-	40
Dan Pascariu	NED	35	-	-	-	35	-	35
		515	-	12	-	527	714	1,241

¹ Irina Grigore was appointed CFO of the Group on 24 February 2021. The table above presents basic salary information since her appointment.

² Jonathan Knight has a contract of employment with Corona Real Estate Partners Limited, a service provider to MAS Property Advisors Limited. The total remuneration charged by Corona in relation to services provided to MAS by Jonathan Knight was €163 thousand. Jonathan Knight received a salary of €77 thousand from Corona Real Estate Partners Limited.

*Short-term incentive for Jonathan Knight reflects amounts approved prior to November 2019, to be paid in 2020.

							Year ended 30 June 2020	
Role	During the year	Basic salary	Benefits ²	Short-term incentive	Long-term incentive	Sub Total	IFRS 2 option expense	Total
Martin Slabbert	CEO	Appointed	-	-	-	-	211	211
Victor Semionov	CFO	Appointed	-	-	-	-	211	211
Jonathan Knight ¹	Alternative director	Appointed	69	-	109	178	-	178
Dan Petrisor	Alternative director	Appointed	-	-	-	-	-	-
Malcolm Levy	NED		35	-	-	35	-	35
Pierre Goosen	NED		42	-	-	42	-	42
Werner Alberts	NED		36	-	-	36	-	36
Melt Hamman	NED		35	-	-	35	-	35
Claudia Pendred	NED	Appointed	20	-	-	20	-	20
Brett Nagle	NED	Appointed	22	-	-	22	-	22
Vasile Iuga	NED		20	-	-	20	-	20
Dan Pascariu	NED		18	-	-	18	-	18
Helen Cullen ²	Company secretary	Resigned	106	3	58	167	-	167
Werner Behrens ²	Former CEO	Resigned	214	243	48	505	-	505
Paul Osbourn ²	Former CFO	Resigned	252	193	139	584	-	584
Ron Spencer	Former Chairman	Resigned	49	-	-	49	-	49
Jaco Jansen	Former NED	Resigned	38	-	-	38	-	38
Glynnis Carthy	Former NED	Resigned	40	-	-	40	-	40
			996	439	354	1,789	422	2,211

¹ Jonathan Knight has a contract of employment with Corona Real Estate Partners Limited, a service provider to MAS Property Advisors Limited.

The total remuneration charged by Corona in relation to services provided to MAS by Jonathan Knight was €165 thousand out of which Jonathan Knight received a salary of €78 thousand. Jonathan Knight received a salary of €69 thousand through MAS payroll. Amounts presented in the table above reflect Jonathan Knight's period of directorship.

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The benefits provided to Werner Behrens and Paul Osbourn were in relation to pension contributions and payments in relation to their resignations. All amounts presented in the table above are cost to company.

The Group may use certain corporate service providers in respect of some of its subsidiaries, and has assessed these service providers are not considered key management for the Group.

Related party relationships

	Note	Income/(expenses) for the year ended		Net (receipts)/payments for the year ended		Balances receivable/(payable) as at	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<i>Corona Real Estate Partners Limited</i>							
· Legal and professional expenses		(825)	(1,143)	964	1,222	(226)	(365)
		(825)	(1,143)	964	1,222	(226)	(365)
<i>Prime Kapital Development SRL</i>							
· Other income		174	145	(159)	(138)	15	-
· Rental income		-	48	-	(56)	-	-
· Capitalised expenses		(461)		335		(126)	
· Service charge and other property operating expenses		(1,959)	(613)	1,747	1,118	(380)	(168)
		(2,246)	(420)	1,923	924	(491)	(168)
<i>PKM Development Limited</i>							
· Equity accounted investee	13	10,629	4,848	-	-	37,365	26,736
· Preference shares	10; 17.4	15,322	13,133	46,362	(1,211)	247,734	186,050
· Interest bearing consideration	18.1	-	(1,569)	-	1,946	-	-
· Net assets acquired in business combinations		-	(236)	-	-	-	-
		25,951	16,176	46,362	735	285,099	212,786
<i>PK Energy Control SRL</i>							
· Electrical energy transformation fee		(297)	(122)	274	89	(27)	(4)
· Rental income energy equipment		256	132	(232)	(121)	25	1
		(41)	10	42	(32)	(2)	(3)
<i>Harneys Fiduciary</i>							
· Directors fees and legal and professional fees		(17)	(43)	11	44	3	9
		(17)	(43)	11	44	3	9
<i>Prime Kapital Holdings Limited</i>							
· Other non-current receivable		-	-	-	-	-	-
· Prepaid development services	15; 17.2	-	-	-	-	10,170	10,170
· Dividend from non-controlling interest		-	-	-	(1,684)	-	-
		-	-	-	(1,684)	10,170	10,170
<i>PK Development Holdings Ltd</i>							
· Recharged costs		(990)	-	339	-	(651)	-
		(990)	-	339	-	(651)	-
		21,832	14,580	49,641	1,209	293,902	222,429

Corona Real Estate Partners Limited

Corona Real Estate Partners Limited is a real estate management company with five staff members and is owned 100% by Jonathan Knight who is an Alternate Director of the Group.

Prime Kapital Development SRL

Prime Kapital Development SRL is one of the subsidiaries of Prime Kapital Holdings Limited, providing property management, construction and development services to the Group and PKM Development.

PKM Development Limited

PKM Development is an associate of the Group and the Group owns 40% of the ordinary shares. In June 2020 PKM Development acquired shares in MAS, refer to note 13.

PK Energy Control SRL

PK Energy Control SRL is one of the subsidiaries of PKM Development Limited. It rents equipment from the Group's subsidiaries and provides energy transformation services in return.

Harneys Fiduciary

Harneys Fiduciary provides BVI corporate services and is a director of MAS (BVI) Holdings Limited and MAS CEE Investments Limited, 100% owned subsidiaries of the company. Services are provided by its subsidiary Epstone formally known as Momats.

Prime Kapital Holdings Limited and PK Development Holdings Ltd

Prime Kapital Holdings Limited is an integrated real estate developer, investor and operator. Martin Slabbert, CEO and Victor Semionov, CFO are partners and jointly control Prime Kapital. Prime Kapital became a related party of the Group on 27 November 2019, the date on which Martin and Victor were appointed to the MAS Board.

All amounts in € thousand unless otherwise stated.

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Key management shareholdings

As at 30 June 2021

	Direct	Indirect	Associate	Total
Martin Slabbert	-	14,287,550	303,458 ^{1*}	14,591,008*
Victor Semionov	-	1,462,037	*	1,462,037*
Irina Grigore	-	642,339	-	642,339
Malcolm Levy	11,633	-	1,568,928 ¹	1,580,561
Pierre Goosen	-	-	104,815 ¹	104,815
Werner Alberts	-	-	-	-
Melt Hamman	-	11,600 ²	990 ¹	12,590
Claudia Pendred	-	-	-	-
Brett Nagle	63,470	-	86,675 ¹	150,145
Vasile Iuga	-	-	-	-
Dan Pascariu	-	-	-	-
Jonathan Knight ³	674,575	1,500,000	-	2,174,575
Dan Petrisor ³	-	283,448	-	283,448
	749,678	18,186,974	2,064,866*	21,001,518*

¹ Non-beneficial to director

² Family trust

³ Alternate directors as of 28 February 2020

*PKM Development Limited is an associate of Martin Slabbert and Victor Semionov via Prime Kapital which holds 60% of the ordinary shares in the DJV. Martin and Victor are the founders of and have indirect beneficial interests in Prime Kapital. PKM Development Limited holds 70,998,476 shares in MAS, and Prime Kapital holds 60,650,000 shares in MAS. PK and associates (including shareholdings of DJV, Martin Slabbert, Victor Semionov, and other associates), hold 142,831,059 shares in MAS, representing 21.6% of MAS' ordinary shares. In accordance with IAS 28 any shareholding exceeding 20% of the ordinary shares is presumed to have significant influence.

As at 30 June 2020

	Direct	Indirect	Associate	Total
Martin Slabbert	-	3,793,900	*	3,793,900*
Victor Semionov	-	1,462,037	*	1,462,037*
Malcolm Levy	11,633	-	1,568,928 ¹	1,580,561
Pierre Goosen	-	-	104,815 ¹	104,815
Werner Alberts	-	-	-	-
Melt Hamman	-	11,600 ²	990 ¹	12,590
Claudia Pendred	-	-	-	-
Brett Nagle	-	-	86,675 ¹	86,675
Vasile Iuga	-	-	-	-
Dan Pascariu	-	-	-	-
Jonathan Knight ³	674,575	1,500,000	-	2,174,575
Dan Petrisor ³	-	-	-	-
	686,208	6,767,537	1,761,408*	9,215,153*

¹ Non-beneficial to director

² Family trust

³ Alternate directors as of 28 February 2020

*PKM Development Limited is an associate of Martin Slabbert and Victor Semionov via Prime Kapital which holds 60% of the ordinary shares in the DJV. Martin and Victor are the founders of and have indirect beneficial interests in Prime Kapital. PKM Development Limited holds 29,993,638 shares in MAS, and Prime Kapital holds 60,650,000 shares in MAS.

MAS Real Estate Inc.
Consolidated annual financial statements for the year ended 30 June 2021

27. Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts

		Year ended 30 June 2021				
Consolidated Statement of Profit and Loss	Proportionate accounts Line Item	IFRS amounts		Add 40% DJV	Other reclass	Proportionate accounts
		Continuing operations	Discontinued operations			
Rental income	Net rental income - income property	34,864	23,326	5,714	(13,516)	50,388
Service charge income and other recoveries		10,499	2,500	1,892	(14,891)	-
Gross revenue		45,363	25,826			
Impairment of receivables		(6,090)	(259)	(442)	6,791	-
Service charge and other property operating expenses		(12,355)	(6,063)	(2,429)	20,847	-
Net rental income		26,918	19,504			
Corporate expenses		(5,700)	(600)			
Corporate expenses	Net corporate expenses	(5,700)	(600)	(333)	1,720	(4,913)
	Share-based payment expense	-	-	-	(1,708)	(1,708)
Other income		2,690	-			
Dividend income (note 7)	Net dividends - listed securities	2,690	-	-	-	2,690
Other income (note 7)	Other distributable net income/(cost)	-	-	98	(748)	(650)
	Other non-distributable income/(cost)	-	-	-	655	655
Investment expenses	Investment expenses	(631)	(4,199)	(44)	208	(4,666)
Fair value adjustments		28,432	(9,878)			
Gain/(loss) on fair value of inv. prop, incl. inv. prop. held for sale (note 9)	Fair value adj. – income property	15,921	(10,193)	9,489	11,244	26,461
Loss on FV of fin. investments (note 9)	Fair value adj.- listed securities	12,114	-	-	496	12,610
Change in FV of interest rate swaps (note 9)	Fair value adj.- interest rate derivatives	354	315	-	(137)	532
Other financial liabilities/assets (note 9)	Fair value adj. – other fin. liabilities/assets	43	-	-	(362)	(319)
Gain/(loss) from disposal of assets		-	19,610	-	(19,610)	-
Foreign currency exchange differences	Foreign currency exchange differences	3,100	(7)	(75)	472	3,490
Share of profit from eq. acc. investees		10,629	-	(10,629)	-	-
Gain on bargain purchase		-	-	-	-	-
Goodwill impairment	Goodwill impairment	-	-	-	-	-
Profit before finance income/(costs)		65,438	24,430			
Finance income		15,397	3			
Interest on preference shares (note 10)	Net income - preference shares	15,397	-	-	(6,204)	9,193
Interest on bank deposits (note 10)		-	3	3	(6)	-
Finance costs	Interest capitalised on developments	-	-	-	1,304	1,304
Interest on bank loans (note 10)		(9,401)	(15,332)			
Bond borrowing costs (note 10)	Interest on debt financing	(6,520)	(4,983)	(2,878)	(135)	(14,516)
Debt break fees (note 10)		(1,588)	-	-	1,588	-
Negative interest on bank deposits (note 10)		(956)	(10,315)	-	11,271	-
		(337)	(34)	(350)	721	-
Profit before tax		71,434	9,101			
Current tax		(180)	(11,565)			
Current tax (note 11)	Income tax	(180)	(11,565)	(25)	10,713	(1,057)
Deferred tax	Tax on sale of property	-	-	-	(10,713)	(10,713)
Tax expense	Deferred tax	(5,443)	8,395	9	-	2,961
		(5,623)	(3,170)			
Profit for the period, attributable to:		65,811	5,931	-	-	71,742
Owners of the group	Earnings	65,811	5,931	-	-	71,742

All amounts in € thousand unless otherwise stated.

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		As at 30 June 2021				
Consolidated Statement of Financial Position	Proportionate accounts Line Item	IFRS amounts		Add 40% DJV	Other reclass	Proportionate accounts
		Continuing operations	Discontinued operations			
<i>Non-current assets</i>						
Investment property		458,603	-			
Income-generating property (note 12)	Income property	455,696	-	88,388	211,639	755,723
Dev. property and land bank (note 12)	Developments - income property	2,907	-	25,811	1	28,719
	Developments - residential property	-	-	28,739	-	28,739
Intangible assets		1,696	-			
Goodwill (note 14)	Goodwill	1,696	-	-	-	1,696
Other intangible assets (note 14)		-	--	-	-	-
Inv. in equity-accounted investees		37,365	-	(37,365)	-	-
Financial assets		247,734	-			
PKM Dev preference shares (note 17.4)	Preference shares	247,734	-	-	(99,094)	148,640
Interest rate swaps (note 18.3)	Interest rate derivative financial assets	-	-	-	-	-
Property, plant and equipment		-	-	-	-	-
Other receivables		9,385	-	347	(9,732)	-
Deferred tax asset	Deferred tax asset	3,470	-	130	-	3,600
Total non-current assets		758,253	-			
<i>Current assets</i>						
Financial assets	Other assets	-	-	-	738	738
Inventory property		-	-	-	-	-
Investment property held for sale		-	211,640	-	(211,640)	-
Financial investments	Listed securities	33,580	-	19,570	-	53,150
Trade and other receivables		36,030	-			
Trade and other receivables	Trade and other receivables	34,785	-	1,803	(3,665)	32,923
VAT receivable	VAT receivable	1,245	-	1,253	-	2,498
	Share-based payment prepayments	-	-	-	12,654	12,654
Cash and cash equivalents	Cash and cash equivalents	287,077	-	4,032	-	291,109
Total current assets		356,687	211,640			
Total assets	Assets	1,114,940	211,640	132,708	(99,099)	1,360,189
<i>Non-current liabilities</i>						
Bonds	Debt financing	294,587	-	-	(294,587)	-
Bank loans		-	-	110,502	308,841	419,343
Financial liabilities	Interest rate derivative fin. liabilities	-	-	-	848	848
Other non-current liabilities		2,036	-	1,138	(3,174)	-
Deferred tax liability	Deferred tax liability	24,436	-	4,158	(6)	28,588
Total non-current liabilities		321,059	-			
<i>Current liabilities</i>						
Bonds		151	-	-	(151)	-
Bank loans		112,171	-	1,026	(113,197)	-
Financial liabilities	Other liabilities	848	-	-	290	1,138
Trade and other payables	Trade and other payables	22,928	-	15,884	2,037	40,849
Total current liabilities		136,098	-			
Total liabilities	Liabilities	457,157	-	132,708	(99,099)	490,766
Total equity, attributable to:		869,423	-			
Owners of the group	Net asset value	869,423	-	-	-	869,423

All amounts in € thousand unless otherwise stated.

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Consolidated annual financial statements for the year ended 30 June 2021

		Year ended 30 June 2020					
Consolidated Statement of Profit and Loss	Proportionate accounts Line Item	IFRS amounts		Add 40% DJV	Deduct 20% NCI	Other reclass	Proportionate accounts
		Continuing operations	Discontinued operations				
Rental income	Net rental income - income property	35,659	31,175	2,293	(2,912)	(10,331)	55,884
Service charge income and other recoveries		11,191	3,200	878	(864)	(14,405)	-
Gross revenue		46,850	34,375				
Impairment of receivables		(4,763)	(828)	-	-	5,591	-
Service charge and other property operating expenses		(11,604)	(7,554)	(891)	975	19,074	-
Net rental income		30,483	25,993				
Corporate expenses		(5,763)	(752)				
Corporate expenses	Net corporate expenses	(5,763)	(752)	(191)	79	651	(5,976)
	Share-based payment expense	-	-	-	-	(648)	(648)
Profit on sales of inventory property		-	309			(309)	
Other income		6,308	-				
Dividend income (note 7)	Net dividends - listed securities	6,308	-	-	-	(118)	6,190
Other income (note 7)	Other distributable net income/(cost)	-	-	41	428	(164)	305
	Other non-distributable income/(cost)	-	-	-	-	(140)	(140)
Investment expenses	Investment expenses	(3,927)	(603)	(86)	83	261	(4,272)
Fair value adjustments		(34,349)	(8,050)				
Gain/(loss) on fair value of inv. prop. incl. inv. prop. held for sale (note 9)	Fair value adj. - income property	(5,060)	(6,427)	8,098	-	1,334	(2,055)
Loss on FV of fin. investments (note 9)	Fair value adj.- listed securities	(27,064)	-	142	-	(142)	(27,064)
Change in FV of interest rate swaps (note 9)	Fair value adj.- interest rate derivatives	(2,225)	(1,623)	-	(50)	1,599	(2,299)
Other financial liabilities (note 9)	Fair value adj. - other fin. Liabilities	-	-	-	-	(1,865)	(1,865)
Foreign currency exchange differences	Foreign currency exchange differences	(1,203)	-	(229)	(5)	502	(935)
Share of profit from eq. acc. investees		4,848	-	(4,848)	-	-	-
Gain on bargain purchase		-	-	-	-	-	-
Goodwill impairment	Goodwill impairment	(29,452)	-	-	-	(1)	(29,453)
(Loss)/Profit before finance income/(costs)		(33,055)	16,897				
Finance income		13,231	22				
Interest on preference shares (note 10)	Net income - preference shares	13,133	-	627	(720)	(5,160)	7,880
Interest on bank deposits (note 10)	Interest capitalised on developments	98	22	47	(8)	(159)	-
		-	-	-	-	2,173	2,173
Finance costs		(7,502)	(6,393)				
Interest on bank loans (note 9)	Interest on debt financing	(7,412)	(6,393)	(2,140)	1,290	1,987	(12,668)
Neg. int on bank deposits (note 10)		(60)	(30)	(66)	5	151	-
Profit before tax		(27,326)	10,526				
Current tax		(530)	(894)				
Current tax (note 11)	Income tax	(530)	(894)	(68)	(593)	813	(1,272)
	Tax on sale of property	-	-	-	-	(61)	(61)
Deferred tax	Deferred tax	223	(2,186)	(3,607)	864	(633)	(5,339)
Tax expense		(307)	(3,080)				
(Loss)/Profit for the period, attributable to:		(27,633)	7,446	-	(1,428)	-	(21,615)
Owners of the group	Earnings	(21,615)	-	-	-	-	(21,615)
Non-controlling interest		1,428					

All amounts in € thousand unless otherwise stated.

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As at 30 June 2020

Consolidated Statement of Financial Position	Proportionate accounts Line Item	IFRS amounts					Proportionate accounts
		Continuing operations	Discontinued operations	Add 40% DJV	Deduct 20% NCI	Other reclass	
<i>Non-current assets</i>							
Investment property		533,649	-				
Income-generating property (note 12)	Income property	532,742	-	45,116	-	429,593	1,007,451
Dev. property and land bank (note 12)	Developments - income property	907	-	40,775	-	-	41,682
	Developments - residential property	-	-	15,322	-	-	15,322
Intangible assets		1,696	-				
Goodwill (note 14)	Goodwill	1,696	-	-	-	-	1,696
Other intangible assets (note 14)		-	-	-	-	-	-
Inv. in equity-accounted investees		26,736	-	(26,736)	-	-	-
Financial assets		186,050	-				
PKM Dev preference shares (note 17.4)	Preference shares	186,050	-	-	-	(74,420)	111,630
Interest rate swaps (note 17.4)	Interest rate derivative financial assets	-	-	-	-	-	-
Property, plant and equipment		-	-	-	-	-	-
Other receivables		11,453	-	24	-	(11,477)	-
Deferred tax asset	Deferred tax asset	3,394	-	124	-	1	3,519
Total non-current assets		762,978	-				
<i>Current assets</i>							
Financial assets	Other assets	-	-	-	-	1,756	1,756
Inventory property		-	-	-	-	-	-
Investment property held for sale		-	429,592	-	-	(429,592)	-
Financial investments	Listed securities	28,406	-	7,973	-	7,090	43,469
Trade and other receivables		20,689	-				
Trade and other receivables	Trade and other receivables	20,252	-	1,503	-	(3,987)	17,768
VAT receivable	VAT receivable	437	-	4,028	-	-	4,465
	Share-based payment prepayments	-	-	-	-	13,700	13,700
Cash and cash equivalents	Cash and cash equivalents	51,404	-	3,381	-	-	54,785
Total current assets		100,499	429,592				
Total assets	Assets	863,477	429,592	91,510	-	(67,336)	1,317,243
<i>Non-current liabilities</i>							
Bank loans	Debt financing	233,666	-	78,660	-	144,158	456,484
Financial liabilities	Interest rate derivative fin. liabilities	2,148	-	-	-	2,027	4,175
Other non-current liabilities		2,776	-	1,389	-	(4,165)	-
Deferred tax liability	Deferred tax liability	27,425	-	4,162	-	(1)	31,586
Total non-current liabilities		266,015	-				
<i>Current liabilities</i>							
Interest bearing borrowings		211,081	-	406	-	(211,487)	-
Financial liabilities	Other liabilities	2,323	-	-	-	(974)	1,349
Trade and other payables	Trade and other payables	17,627	-	6,893	-	3,106	27,626
Total current liabilities		231,031	-				
Total liabilities	Liabilities	497,046	-	91,510	-	(67,336)	521,220
Total equity, attributable to:		796,023	-				
Owners of the group	Net asset value	796,023	-	-	-	-	796,023

All amounts in € thousand unless otherwise stated.

28. Summary of general accounting policies

Basis of preparation – statement of compliance

These consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS"), the Johannesburg Stock Exchange ("JSE") Listings Requirements, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and applicable legal and regulatory requirements of the BVI Business Companies Act 2004.

Basis of measurement

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

- Financial instruments classified at fair value through profit or loss ("FVTPL"), refer to note 19;
- Financial investments, refer to note 19;
- Share-based payments on grant date, refer to note 20.2; and
- Investment property and investment property held for sale, refer to notes 12.1 and 4.2.

Accounting policies

The specific accounting policies applied in the preparation of these consolidated annual financial statements have been described in each note, where applicable.

The following general accounting policies have also been applied. All policies have been applied consistently to all years presented, unless otherwise stated.

Principles of consolidation

Subsidiaries

The consolidated annual financial statements of the Group incorporate the assets, liabilities, operating results and cash flows of the company and its subsidiaries. Subsidiaries are all entities, including those that are structured, over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over it. Subsidiaries are fully consolidated from the date control is transferred to the Group. They are deconsolidated from the date control ceases. The acquisition method is used to account for the acquisition of subsidiaries. Identifiable acquired assets and liabilities, and contingent liabilities, assumed in a business combination are measured at their fair values on the date of acquisition. The consideration transferred for the acquired entity is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred, or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excluding acquisition related costs, such as advisory, legal, valuation and similar professional services.

The accounting policies of the subsidiaries are consistent with those of the company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in equity.

Transactions and balances eliminated on consolidation

Intra-group balances and transactions, and any gains and losses or income and expenses arising from intragroup transactions, as well as investments in subsidiaries and corresponding equity in the subsidiaries are eliminated in preparing the consolidated annual financial statements.

Functional and presentation currency

These consolidated annual financial statements are presented in euro ("€"), the Group's presentation currency.

The functional currency is determined by the relevant, primary economic environment of each entity in the Group. The other determining factor is the currency in which the majority of cash flows, goods and services are denominated and settled in the respective country. When the functional currency cannot be clearly identified, management uses judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Translation into functional currency

For the purpose of presenting consolidated annual financial statements, the assets and liabilities of the Group's foreign operations are translated to euros using exchange rates prevailing at the reporting date. At each reporting date:

- monetary assets and liabilities that are denominated in foreign currencies are translated into the presentation currency at the rates prevailing at that date;
- non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are translated at the rate at the date the fair value was determined;
- non-monetary items that are measured based on the historical cost basis in a foreign currency are translated at the rate at the date of the transaction;
- income and expense items are translated at the average exchange rates for the period.

Exchange differences arising, if any, are recognised in other comprehensive income and presented in equity in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interest. Such exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments that arise on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Adoption of new/revised standards

During the period, the Group adopted the following amendments/improvements to standards and interpretations:

- Covid-19-related Rent Concessions – Amendment to IFRS 16;
- Definition of Material – amendments to IAS 1 and IAS 8;
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

MAS Real Estate Inc.

Consolidated annual financial statements for the year ended 30 June 2021

Covid-19-related Rent Concessions – Amendment to IFRS 16;

The Group has adopted amendments to IFRS 16, in relation to Covid-19-related Rent Concessions. The impact for the rent concessions and related impairment of receivables are detailed in note 5. Originally the practical expedient was applied, and as required, the Group continues to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using this subsequent amendment.

Definition of Material – amendments to IAS 1 and IAS 8

The Group has adopted amendments to IAS 1 and IAS 8 with effect from 1 July 2020. There has been no impact on the amounts or disclosures previously reported as a result of the adoption of the amendments.

Amendments to IFRS 9, IAS 39 and IFRS 7

The Group adopted the amendments on 1 July 2020. In accordance with the transition provisions, the Group has adopted the amendments to IFRS 9 and IFRS 7 retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter. There has been no impact on the amounts or disclosures previously reported as a result of the adoption of the amendments.

Revised Conceptual Framework for Financial Reporting

The Group has adopted the Revised Conceptual Framework for Financial Reporting with effect from 1 July 2020.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and amended standards and interpretations not yet adopted

Below is a summary of new standards and amendments/improvements to existing standards and interpretations that are not yet effective, and which are expected to be applicable to the Group:

Amendments/improvements to standards and interpretations not yet effective	Effective for annual periods beginning on or after
Reference to the Conceptual Framework – Amendments to IFRS 3	1 Jan 2022
Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 Jan 2022
Annual improvements to IFRS Standards 2018-2020	1 Jan 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 Jan 2023 (deferred from 1 Jan 2022)
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 Jan 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 Jan 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 Jan 2023

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MAS Real Estate Inc.

Company information, advisors and property valuers

Company information and advisors

Identification

MAS Real Estate Inc.
Registration number 1750199
JSE share code: MSP
ISIN: VGG5884M1041
LEI code: 213800T1TZPGQ7HS4Q13

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Registrar / Transfer Secretaries

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Glossary

Adjusted distributable earnings	Adjusted distributable earnings represents the adjusted underlying earnings of the Group from net rental income from income property, net income from preference shares, net dividends on listed securities, net corporate expenses, interest on debt financing, interest capitalised on developments, other distributable net income or cost and income tax
BVI	British Virgin Islands
BV	Book value
CEE	Central and Eastern Europe
CFDs	Contract for Differences
CGU	Cash-generating unit
Company	MAS Real Estate Inc.
Covid-19	Pandemic resulted following the global spread of the infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Development property	Property under construction, in process of being developed for future use as income property or for sale and land plots to be utilised for future developments
DJV	Development Joint Venture
EPRA	European Public Real Estate Association
ERV	Estimated rental value
FTPL	Fair value through profit and loss
Group	MAS Real Estate Inc. and its subsidiaries
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards as issued by the IASB
IFRS NAV per share	IFRS Net Asset Value divided by the IFRS basic number of shares in issue at the reporting date For clarity this excludes the geared share purchase plan shares
Income property	Property held to earn rental income
Investment property	Income property, Development property and Land bank
IOM	Isle of Man
IJV	Investment joint venture, former joint venture with Prime Kapital, 80% owned and controlled by the company, for investing in CEE Income properties
JSE	Johannesburg Stock Exchange
King IV	King IV Code of Corporate Governance for South Africa
Land bank	Land plots held for future developments

MAS Real Estate Inc.

Glossary

Lease incentives	Incentives offered to lessees to enter into a lease, typically in the form of a rent-free period or cash contribution towards fit-out costs
LTV	Loan to value, the ratio of the nominal value of debt net of cash to investment property, listed securities and preference shares
LFL	Like-for-like
Median daily share volume	The median number of shares traded per day during the reporting period on the JSE
NAV	Net asset value
SA REIT	South African Real Estate Investment Trust Association, the representative umbrella body comprised of voluntary members of South African listed REIT companies and trusts
Tangible NAV	Net asset value which includes only assets and liabilities likely to crystallise on disposal, and corresponds to net asset value under adjusted proportionate accounts
Transaction	The acquisition on 27 November 2019 by the Group of Prime Kapital's effective economic interest in the IJV with MAS
NCI	Non-controlling interest
NRI	Net rental income
Prime Kapital / PK	Prime Kapital Holdings Limited
PKM Development	P K M Development Limited
REIT	Investment in listed real estate equity securities
WE	Western Europe
WALT	Weighted average lease term across the portfolio weighted by passing rent
WACD	Weighted average cost of debt

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Rendering: Marmura Residence

Income Property Schedule Jun 21

	Location	Type	Acq/Dev	Stake %	Acquired year	Destination GLA m ²
INCOME ASSETS						
DJV preference shares (60% of the notional)						
Income property						526,000
Enclosed Malls						189,800
EM-Nova Park	PL, Gorzow	Regional	A	100%	2016	38,500
EM-Galleria Burgas	BG, Burgas	Regional	A	100%	2017	64,100
EM-Dambovita Mall	RO, Targoviste	Regional	D	40%	2020	31,200
EM-Atrium Mall*	RO, Arad	Regional	A	100%	2018	30,500
EM-Galleria Stara Zagora	BG, Stara Zagora	Regional	A	100%	2017	25,500
Open-air Malls						279,500
OM-Militari Shopping	RO, Bucharest	Regional	A	100%	2018	67,900
OM-DN1 Value Centre	RO, Balotesti	Community	D	40%	2019	46,700
OM-Mall Moldova - phase I	RO, Iasi	Regional	A	40%	2017	47,500
OM-Roman Value Centre	RO, Roman	Community	A/D	100%	2019	18,800
OM-Baia Mare Value Centre	RO, Baia Mare	Community	A/D	100%	2019	42,000
OM-Zalau Value Centre	RO, Zalau	Community	D	40%	2019	23,300
OM-Sepsi Value Centre	RO, Sf. Gheorghe	Community	D	40%	2021	33,300
Strip Malls						56,700
SM-Focsani	RO, Focsani	Convenience	A/D	100%	2019	10,500
SM-Slobozia	RO, Slobozia	Convenience	A/D	100%	2019	12,700
SM-Ramnicu Sarat	RO, Ramnicu Sarat	Convenience	A/D	100%	2019	8,300
SM-Sebes	RO, Sebes	Convenience	A/D	100%	2019	8,000
SM-Targu Secuiesc	RO, Targu Secuiesc	Convenience	A/D	100%	2019	6,200
SM-Fagaras	RO, Fagaras	Convenience	A/D	100%	2019	6,600
SM-Gheorgheni	RO, Gheorgheni	Convenience	A/D	100%	2019	4,400

Cost: acquisition costs, including transaction & transfer fees, plus all costs capitalised post acquisition, except for interest.

A/D: partially acquired, partially developed.

Note: NRI is before temporary COVID-related discounts and deferrals.

* Are under refurbishment is reflected as vacancy.

	Asset					MAS' share				
	GLA	Occup.	NRI	BV	Cost	NRI	BV	Cost	NRI/BV	NRI/Cost
	m ²	%	€m	€m	€m	€m	€m	€m	%	%
						52.4	692.7	599.0	7.6%	8.8%
						11.1	148.6	148.6	7.5%	7.5%
	365,600	93.2%	51.1	676.7	545.1	41.3	544.1	450.4	7.6%	9.2%
	150,800	89.5%	22.1	299.2	247.6	19.4	260.5	219.1	7.4%	8.9%
	32,400	91.8%	6.0	82.3	90.7	6.0	82.3	90.7	7.3%	6.6%
	36,300	89.7%	5.3	75.0	46.2	5.3	75.0	46.2	7.1%	11.5%
	31,200	92.6%	4.5	64.5	47.5	1.8	25.8	19.0	7.0%	9.5%
	26,800	83.7%	4.9	58.2	40.5	4.9	58.2	40.5	8.4%	12.1%
	24,100	88.4%	1.4	19.2	22.7	1.4	19.2	22.7	7.3%	6.2%
	187,000	95.2%	25.8	339.3	262.9	18.7	245.4	196.7	7.6%	9.5%
	54,100	94.6%	8.8	110.9	95.6	8.8	110.9	95.6	7.9%	9.2%
	27,000	95.1%	4.3	58.0	36.4	1.7	23.2	14.6	7.3%	11.6%
	29,600	93.9%	2.8	34.6	32.0	1.1	13.8	12.8	8.0%	8.6%
	18,800	98.5%	2.6	36.6	27.6	2.6	36.6	27.6	7.1%	9.4%
	21,300	95.4%	2.6	35.3	29.3	2.6	35.3	29.3	7.4%	8.9%
	19,300	97.2%	2.7	35.7	20.9	1.1	14.3	8.4	7.7%	13.1%
	16,900	93.7%	2.0	28.2	21.1	0.8	11.3	8.4	7.1%	9.5%
	27,800	100%	3.2	38.2	34.6	3.2	38.2	34.6	8.4%	9.2%
	6,100	100%	0.9	10.6	9.1	0.9	10.6	9.1	8.3%	9.6%
	6,700	100%	0.7	8.8	7.7	0.7	8.8	7.7	7.8%	9.0%
	4,000	100%	0.4	5.0	4.7	0.4	5.0	4.7	8.8%	9.4%
	3,200	100%	0.4	4.2	3.9	0.4	4.2	3.9	8.5%	9.2%
	3,200	100%	0.3	3.9	3.9	0.3	3.9	3.9	8.7%	8.8%
	3,200	100%	0.3	3.7	3.4	0.3	3.7	3.4	8.7%	9.6%
	1,400	100%	0.2	2.0	2.0	0.2	2.0	2.0	8.6%	8.6%

Development Property Schedule Jun 21

	Location	Type	Status	Stake %	Completion year	Destination GLA m ²
DEVELOPMENTS						
DJV preference shares outstanding commitment (60% of notional)						
Development property						
Enclosed Malls						337,400
EM-Mall Moldova – phase II	RO, Iasi	Super-regional	Permitting	40%	Apr 24	106,200
EM-Arges Mall	RO, Pitesti	Regional	Permitting	40%	TBD	52,100
EM-Alba Iulia Mall	Ro, Alba Iulia	Regional	Zoning	40%	Nov 22	29,000
EM-Galleria Burgas – extension	BG, Burgas	Regional	On hold	100%	TBD	78,000
EM-Nova Park – extension	PL, Gorzow	Regional	On hold	100%	TBD	41,600
EM-Atrium Mall – refurbishment	RO, Arad	Regional	WIP	100%	Sep 21	30,500
Open-air Malls						232,900
OM-Prahova Value Centre	RO, Ploiesti	Community	WIP	40%	Nov 21	28,800
OM-Barlad Value Centre	RO, Barlad	Community	WIP	40%	Nov 21	26,800
OM-Baia Mare Value Centre – extension	RO, Baia Mare	Community	Permitting	40%	Sep 22	46,200
OM-Roman Value Centre – extension	RO, Roman	Community	On hold	40%	TBD	22,600
OM-Slobozia Value Centre – extension	RO, Slobozia	Convenience	On hold	40%	TBD	14,500
OM-Militari Shopping – extension	RO, Bucharest	Regional	On hold	100%	TBD	94,000
Land	RO	Land		40%		-
Strip Malls						6,300
SM-Adjud Value Centre	RO, Adjud	Convenience	On hold	40%	TBD	6,300
Office						225,300
Office-Silk District	RO, Iasi	Office	Permitting *	40%	2023/26	225,300
Residential						
RZ-Marmura Residence	RO, Bucharest	Residential	WIP	40%	2021/22	
RZ-Avalon Estate	RO, Bucharest	Residential	WIP	40%	2021/24	
RZ-Silk District	RO, Iasi	Residential	Permitting *	40%	2022/27	
RZ-Ploiesti Residential	RO, Ploiesti	Residential	Zoning	40%	2023/24	
RZ-Elba Residential	RO, Timisoara	Residential	Zoning	40%	2024/26	

Cost: Cost: includes land, hard & soft costs. **Spent:** Budget spent.

* Permitted on 11 August 2021.

	Asset					MAS' share				
	GLA/GSA	Units	ERV	Budget	Spent	ERV	Budget	Spent	Margin	ERV/Budget
	m ²	#	€m	€m	€m	€m	€m	€m	%	%
						37.0	620.4	52.5		
						10.5	140.0		7.5%	
	727,800	4,446	53.6	1,022.7	127.2	26.5	480.4	52.5		
	156,700		24.3	296.9	25.8	11.9	154.2	12.0		7.7%
	58,600		9.8	113.5	20.3	3.9	45.4	8.1		8.6%
	52,100		7.2	83.3	2.3	2.9	33.3	0.9		8.7%
	29,000		3.7	41.1	0.3	1.5	16.5	0.1		9.0%
	13,900		2.3	43.0	-	2.3	43.0	-		5.3%
	3,100		0.8	11.3	0.7	0.8	11.3	0.7		7.1%
			0.5	4.7	2.2	0.5	4.7	2.2		9.9%
	74,100		10.6	123.7	31.5	7.1	85.4	12.6		8.3%
	21,900		2.9	31.9	12.8	1.2	12.8	5.1		9.1%
	16,300		1.7	18.8	9.5	0.7	7.5	3.8		9.2%
	4,200		0.4	5.3	2.8	0.1	2.1	1.1		7.8%
	3,800		0.4	4.6	0.7	0.1	1.9	0.3		8.4%
	1,800		0.3	3.3	2.2	0.1	1.3	0.9		8.6%
	26,100		4.9	59.8	-	4.9	59.8	-		8.2%
	-		-	-	3.5			1.4		
	3,700		0.4	3.7	0.3	0.1	1.5	0.1		9.8%
	3,700		0.4	3.7	0.3	0.1	1.5	0.1		9.8%
	113,800		18.3	166.9	6.2	7.3	66.8	2.5		11.0%
	113,800		18.3	166.9	6.2	7.3	66.8	2.5		11.0%
	379,500	4,446		431.5	63.4		172.6	25.3	26.7%	
	36,100	459		45.0	32.8		18.0	13.1	27.4%	
	93,300	746		117.6	27.8		47.0	11.1	27.5%	
	111,500	1,491		120.3	2.8		48.1	1.1	25.3%	
	41,300	498		33.4	-		13.4	-	27.0%	
	97,300	1,252		115.2	-		46.1	-	27.0%	

Income Property Held for Sale Schedule Jun 21

	Location	Type	Acq/Dev	Stake %	Acquired year
PROPERTY HELD FOR SALE					
Not contracted to be sold as of Jun 21					
Flensburg Galerie	DE, Flensburg	Community	A	100%	2019
Adagio, retail and arches	UK, Edinburgh	Mixed	D	100%	2016
Gotha	DE, Gotha	Neighbourhood	A	100%	2015
Malling Brooks NSQ	UK, Lewes	Land	A	100%	2011
Langley Park	UK, Chippenham	Land	A	100%	2014
Other property management costs				100%	
Contracted to be sold as of Jun 21					
New Ueberior House *	UK, Edinburgh	Office	A	100%	2018

Cost: acquisition costs, including transaction & transfer fees, plus all costs capitalised post acquisition, except for interest.

* Sale completed on 26 August 2021.

	Asset						MAS' share					
	GLA	Occup.	NRI	BV	Agreed sale price	Cost	NRI	BV	Agreed sale price	Cost	NRI/BV	NRI/ Cost
	m ²	%	€m	€m	€m	€m	€m	€m	€m	€m	%	%
	100,600	91.9%	10.1	211.6	91.6	220.7	10.1	211.6	91.6	220.7	5.2%	5.1%
	85,900	89.1%	4.7	127.1		136.2	4.7	127.1		136.2	4.3%	4.1%
	24,200	81.3%	2.3	64.3		68.2	2.3	64.3		68.2	3.6%	3.4%
	9,000	98.8%	2.1	34.9		34.3	2.1	34.9		34.3	6.0%	6.1%
	9,400	100%	0.9	9.9		12.5	0.9	9.9		12.5	9.1%	7.2%
	19,500			0.9		1.4		0.9		1.4		
	23,800			17.1		19.8		17.1		19.8		
			(0.6)				(0.6)					
	14,700	100%	5.4	84.5	91.6	84.5	5.4	84.5	91.6	84.5	6.4%	6.4%
	14,700	100%	5.4	84.5	91.6	84.5	5.4	84.5	91.6	84.5	6.4%	6.4%